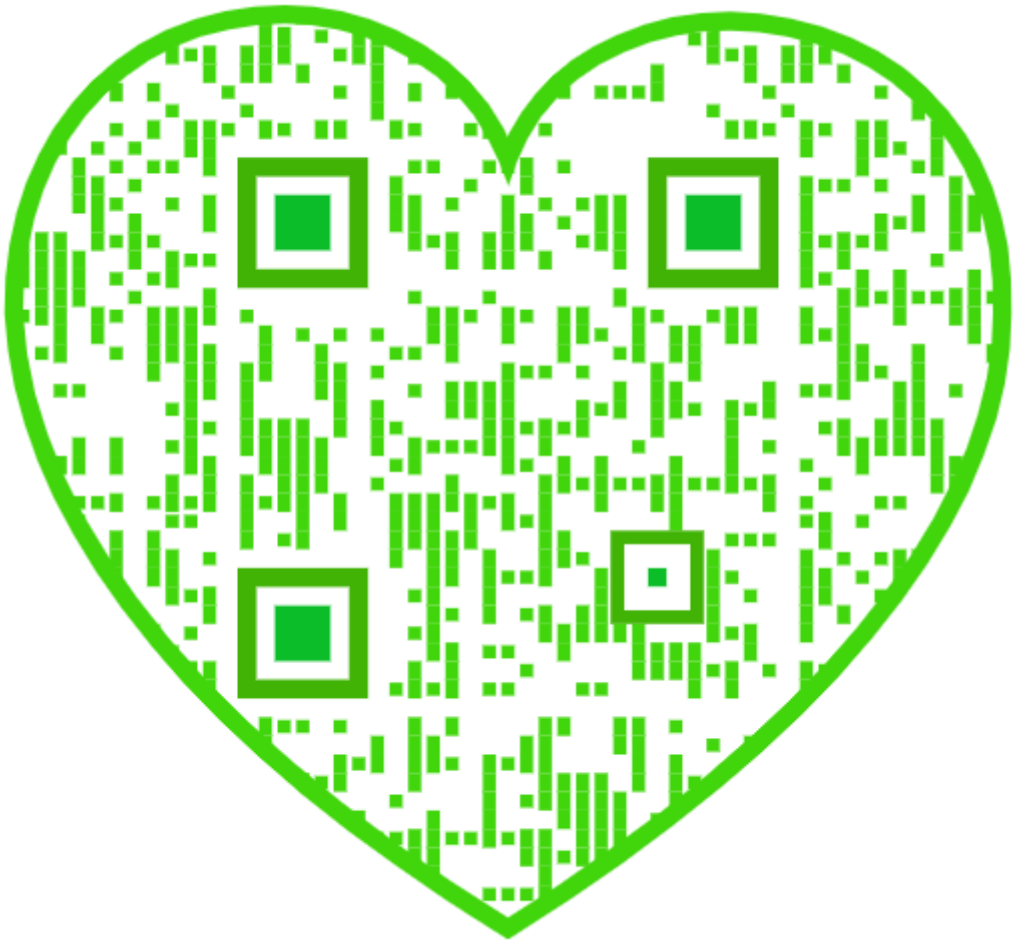

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NEW YORK

PREFACE.

A KNOWLEDGE of the theory and practice of accounts is an important part of the education of every man. It enables him to exercise a due control over his own affairs, or the affairs of others which may be intrusted to him. If he is a merchant, he can ascertain with ease and certainty what he possesses, and whether or not his means justify him in entering into certain speculations and investments. He can see which of his investments have proved profitable and ought to be pursued, and which unprofitable and ought to be discontinued; and he is able to provide to a large extent against error and fraud in the conduct of his business. If he is simply in the receipt of an income from professional or other sources, he knows exactly how his income has accrued, and how it has been spent or invested. He can compare his expenditure for similar objects during different periods, and has his attention directed to any heads under which he may with advantage retrench.

Such a knowledge, however, is not at all common. The reasons are, that its great value does not seem to be generally appreciated, and that the subject is seldom properly taught.

A knowledge of book-keeping does not imply an extensive knowledge of business. The former can be acquired by study, the latter by experience only. It is not our intention to attempt a description of every variety of transaction which occurs in the course of business, but to lay down and illustrate those general principles by the intelligent application of which all problems in book-keeping can be solved.

LONDON, *August* 1, 1868.

A short chapter has been added in the Second Edition on the application of the system of Double Entry to Public Accounts.

LONDON, *March* 5, 1869.

A number of Exercises in Book-keeping, set by the authors as examination papers on various occasions, has been added in this New Edition.

LONDON, *Feb.* 1, 1874.

The Profit and Loss Accounts and Balance Sheets of the Exercises are added in this Edition for the guidance of teachers and students.

LONDON, 1885.

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BOOK-KEEPING.

Accounts may be defined as registers of facts relating to money. The fundamental principle of keeping these registers is that they shall be complete records of such *facts*, and of *facts* only.

In very ancient times accounts were kept by means of tallies and chalk-marks, but for many centuries it has been the custom to reduce them into writing and to record them in books. To this operation the term 'Book-keeping' has been applied.

A mere chronological register of pecuniary facts was soon found insufficient. From such a register the merchant could not tell, without going through every item, how he stood in relation to his various customers, and whether his business was profitable or not. It became necessary that his transactions should be also classified under the names of the various persons dealt with and of the various articles dealt in. This grouping of transactions in separate accounts for the various persons and articles affected by them, led gradually to a perception of the fact that *every* pecuniary transaction has a twofold effect. It became evident that every such transaction is a transfer of money or money's worth, and, being a transfer, that it necessarily involves a giver and a

receiver, and requires an entry to be made both in the account which is diminished, and in the account which is increased. The application of this principle resulted in the method of 'Double Entry'—a method equally applicable to every description of accounts, whether commercial, public, fiduciary, or private; a method simple in its design, and perfect in its results.

Double Entry in a crude and imperfect form appears to have been known to the ancient Greeks and Romans; and there is no doubt that by every merchant or trader, at however remote a period, who endeavoured to record his transactions with exactness, it must have been to some extent employed. Take a very simple case: a corn-dealer who chalked upon the vessel in which he kept his corn the number of measures taken out, and upon his door the number supplied to his customers, under a special mark for each, kept these accounts by Double Entry in a crude form. It was not, however, till A.D. 1495 that the first treatise on book-keeping was produced. It was the work of an Italian teacher, Lucas de Burgo, who detailed the system in use by the intelligent merchants of his day in the trading towns of Italy, since known as the Italian system. This plan, providing, as it did, for the record of the twofold effect of every pecuniary transaction, embodied the vital principle of the method of 'Double Entry;' and although the details and mode of applying the principle have naturally been improved with subsequent experience, yet, under all varieties in the actual practice, the principle itself remains the same.

To record the twofold effect of each transaction involves two separate operations. What is parted with must be deducted from the account (that is the collection

of items) from which it is taken, and what is received in exchange must be added to the account which is increased by it. Instead however of subtracting the amount parted with from each account, experience at a very early period shewed that it was a more convenient and better plan to appropriate one part of each account to the entry of amounts received, and another to the entry of amounts parted with, leaving the state of each account to be ascertained by a comparison of the two parts of it. The book in which all transactions are so classified and arranged is called the Ledger.

In **The Ledger**, therefore, each account is divided vertically into two parts: the one on the left hand, which is technically called the *debtor* side; the other on the right hand, which is technically called the *creditor* side. At first sight the aptness of these terms, except in so far as they are correlative, is not very striking. It becomes so, however, when illustrated by an example between persons. Thus, if A parts with anything to B; *to the extent of that thing's value and so far as that transaction is concerned,* B is A's debtor. And if A receives anything from B; *to the extent of that thing's value and so far as that one transaction is concerned,* B is A's creditor.* The same is true in the case of articles, or of gains or losses, as well as of persons. For all accounts in the Ledger may be regarded as accounts of persons, that is, as accounts either of the merchant himself, or of persons entrusted with commodities on his behalf (see p. 7), or of

* It cannot be too carefully borne in mind that in determining the effect of a particular transaction, that transaction *alone* is to be considered. Thus, I may owe John Smith £100, but when I pay him £20, so far as that payment is concerned he is my debtor for £20.

the persons with whom he deals. In book-keeping sense, however, the term 'personal accounts' is applied only to accounts of persons with whom the merchant deals; while the term 'impersonal'* is applied to the several accounts in which the merchant's property is classified and his gains and losses recorded.

Every transaction is, as we have said, a transfer, and involves a giver and a receiver. Each account therefore, whether personal or impersonal, is the debtor of some other account for what it receives, and the creditor of some other account for what it parts with. If any pecuniary transaction occasions a gain or a loss, such gain or loss appears in the account where it has accrued.†

The words 'Debtor' and 'Creditor' are usually written **Dr.** and **Cr.** Each entry on the Dr. side of an account in the Ledger is prefaced by the word **To,** that is, debtor to; and on the Cr. side by the word **By,** that is, creditor by. To enter on the Dr. side of an account is called to debit the account; to enter on the Cr. side of it, to credit the account.

The difference between the totals of the entries on the two sides of an account is called its **Balance.** If the sum of the entries on the Dr. side of an account is greater than the sum of the entries on the Cr. side of it, the difference is called a Debit balance. If the sum of the entries on the Cr. side of an account is greater than the sum of the entries on the Dr. side of it, the difference

* Sometimes these accounts are further divided, and described as 'real' or 'nominal' accounts, according as they represent property, or gains and losses.

† See foot-note on p. 8.

is called a Credit balance. An account is said to balance when the credit and debit sides are of the same amount.

A man's property and the sums owing to him are called his **Assets**; the sums owing by him, his **Liabilities**. The surplus of his assets over his liabilities constitutes what is termed his **Capital**.

We now proceed to illustrate the principle of Double Entry by analysing a series of dissimilar transactions, and shewing that however they differ in their nature and effect from one another, yet each has a distinct and intelligible twofold operation. The following examples are supposed to be taken from the consecutive register of John Ward's pecuniary transactions. This register, being a complete record of the facts relating to his business, begins with a list of his assets and liabilities. It contains a statement of all the goods he buys and sells, of all the money he receives and pays, and of all his other pecuniary transactions. In this imaginary series of transactions we have, for the sake of simplicity, omitted all merely explanatory details. But the original registers of actual transactions, though concise, should be so comprehensive as to leave no possibility of doubt arising as to the nature of every item recorded.

The first arrangement which suggests itself in recording transactions as they occur is that their money value should be entered in a part of the record appropriated to the purpose. This is generally accomplished, as in the following examples, by having a column for money on the right hand side of the page.

John Ward's Assets and Liabilities at commencement are as follows:—

		£	s.	d.
ASSETS—	Due to him by T. Jones	100	0	0
	Wine on hand	1000	0	0
	Cash on hand	200	0	0
		1300	0	0
LIABILITIES—Due by him to J. Smith		50	0	0

His transactions during the first month are as follows:—

	£	s.	d.
*(1) Sold Wine for Cash	10	0	0
(2) Bought Wine for Cash	100	0	0
(3) Sold J. Smith, Wine	50	0	0
(4) Bought of F. Brook, Wine	75	0	0
(5) Received T. Jones's acceptance in payment of amount due †	100	0	0
(6) Accepted F. Brook's draft ‡	75	0	0
(7) Lent Cash to J. Smith	20	0	0
(8) Paid Salary of Clerk	10	0	0
(9) Paid Cash for Insurance	10	0	0
(10) Discounted T. Jones's acceptance for £100, and received in Cash £99, and allowed for discount £1	100	0	0
(11) Bought Wine of F. Brook	100	0	0
(12) Paid F. Brook Cash £98, and was allowed Discount £2	100	0	0
(13) Consigned to P. Walker, to be sold by him on my account and risk, Wine invoiced § at	225	0	0
(14) Received Cash from P. Walker on account of Consignment of Wine	100	0	0
(15) Received Account Sales‖ from P. Walker, shewing that the above Consignment of Wine realized (net)	285	0	0
(16) Received in Cash from P. Walker the balance of the amount realized by the sale of the Wine consigned to him	185	0	0
(17) Paid Cash for purchase of Business Premises	300	0	0

* The numbers opposite each item refer to corresponding numbers given in the Ledger hereafter.

† T. Jones, instead of paying cash down, gives an undertaking, on stamped paper, to pay £100 on a specified day.

‡ John Ward, instead of paying cash down, gives an undertaking, on stamped paper, to pay £75 on a specified day.

§ An invoice is a document which describes the nature, quantity, and prices of the goods, and the names of the purchaser and the seller.

‖ An Account Sales is an account of merchandise sold, rendered by the person to whom they were consigned.

* The first pecuniary fact that John Ward has to deal with is the state of his affairs at commencement. It is manifestly of importance that he should be able to see at one view what the amount of his capital is, he therefore opens an account for this purpose in the Ledger under his own name—'John Ward (Capital account).' Sometimes this account is opened under the title of 'Stock.'

An account is opened in the Ledger by writing the name of it either across the head of both sides, or only on the Dr. side, with or without the word Contra on the Cr. side, at the option of the book-keeper. The title of each account should be as brief as possible, and yet so exact as to admit of no doubt arising as to its nature. The Ledger should be paged throughout, and provided with an index in which each account should be entered in alphabetical order with the number of its page, for facility of reference.

He first enters his assets in separate accounts for 'T. Jones,' 'Wine,' and 'Cash.' 'T. Jones' being his debtor for £100, he enters £100 on the Dr. side of T. Jones's account. He treats 'Wine' and 'Cash' as persons entrusted with these commodities on his account, that is, as his debtors for £1,000 and £200 respectively, and he enters, accordingly, £1,000 on the Dr. side of the 'Wine' account, and £200 on the Dr. side of the 'Cash' account.

'T. Jones,' 'Wine,' and 'Cash' being thus regarded as his debtors for the several sums of £100, £1,000, and £200, he is their creditor for those amounts, which he therefore enters on the Cr. side of his own account—'John Ward (Capital account).' This entry he may make, as has been done at p. 13, in one total amount, £1,300.

* The student should now refer to pp. 13–15, and follow carefully the entry of each transaction in the Ledger.

The words technically used in making the entry in the Ledger to describe such an aggregate of accounts are, '**By sundries,**' that is, by the amount of sundry accounts.

He next enters his liabilities. J. Smith is his creditor for £50. He therefore opens an account for J. Smith, and enters £50 on the Cr. side of it. Being J. Smith's debtor for £50, he enters £50 on the Dr. side of his own account — 'John Ward (Capital account)' — which now shews all his assets and liabitities.

This entry, under the proper heads, of the state of a man's affairs is called **opening the books.** As the assets and liabilities are entered in separate accounts, on the Dr. and Cr. sides respectively, and the *totals* of the assets and liabilities are entered in the general account—'John Ward (Capital account)'—on its Cr. and Dr. sides respectively, therefore by the axiom, 'The whole is equal to the sum of its parts,' the totals of the debit and credit entries must agree.

His first transaction is—

(1) * *Sold Wine for Cash* £10

Here his cash is increased by an addition of £10, and his wine is lessened, to the value of £10, by wine parted with. In other words, 'Cash' increases its liability to him by £10, and 'Wine' lessens its liability to him by the same amount. He therefore enters £10 on the Dr. side of the 'Cash' account, thereby increasing it by £10, and, instead of deducting £10 from the Dr. side of the 'Wine' account,

* This and similar transactions may cause a gain or a loss, and to the extent of such gain or loss his capital is affected. But it would generally be very difficult, and often impossible, to tell exactly what the gain or loss on each individual transaction has been. He therefore postpones for the present any entry under his Capital account, leaving the net gain or loss on all the transactions recorded to be ascertained, and transferred to that account in one amount, when he closes his books (see pp. 16, 17).

he does what has precisely the same effect (see p. 3), he enters £10 on the credit side of it.

(2) *Bought Wine for Cash* £100

Here Wine is increased by £100, and Cash lessened by £100. He therefore debits 'Wine' and credits 'Cash.'

(3) *Sold J. Smith, Wine* £50

Here J. Smith becomes his debtor for £50. He therefore debits J. Smith's account with that amount. Wine is lessened by £50. He therefore credits 'Wine' with £50.

(4) *Bought of F. Brook, Wine* £75

Here Wine is increased. He therefore debits 'Wine' with £75. Not having paid Brook for the wine, Brook becomes his creditor for £75. He therefore opens an account for 'F. Brook,' and credits him with £75.

(5) *Received T. Jones's acceptance in payment of amount due* £100

Had Jones paid his debt in money, 'Cash' would have been debited as in (1). But Jones has paid by handing over a bill* which becomes part of John Ward's property, and of which it is necessary that an account should be kept. Ward therefore opens such an account under the title of **Bills Receivable**, and debits it with £100, the amount of the bill received by him. 'T. Jones' having given the bill, is credited with the amount of it.

It must be remembered, however, that Jones has only exchanged one form of liability for another, and that the 'Bills Receivable' account represents, in its aggregate, persons liable for the payment of bills of exchange.

(6) *Accepted F. Brook's draft* £75

His liability to F. Brook being thus contingently dis-

* For description of 'bills,' see p. 26.

charged, he debits 'F. Brook' with £75. But what account is he to credit? Had he paid in money he would have credited 'Cash' as in (2), but as he has paid by giving a bill, it is necessary that he should open an account for **Bills Payable** by him. This account he credits with £75, the amount of F. Brook's draft.

The effect would have been similar if, instead of giving Brook a bill, he had got a temporary advance of £75 in cash to meet the payment. In that case he would have credited the lender with the advance of £75; in this case he credits 'Bills Payable.'

'Bills Payable' thus represents, in aggregate, persons to whom the merchant is indebted for payments postponed until fixed dates upon his written promises to pay.

(7) *Lent Cash to J. Smith* £20

Here Smith becomes his debtor for £20, and Cash is lessened by that amount. He therefore debits 'Smith' and credits 'Cash.'

(8) *Paid Salary of Clerk* £10

Here Cash is lessened by £10. He therefore credits 'Cash.' But what account is he to debit, having received no description of property in exchange? His assets are reduced by £10, and he might at once debit his own account — 'John Ward (Capital account)' — with £10. But a chief object of book-keeping being to shew the result of his transactions in respect of profit and loss, and how both arise, it is necessary to open accounts which shall exhibit on the one hand the gains and on the other the losses and expenses. One class of expenses is 'Salaries.' He accordingly opens an account under that head, and debits it with £10.

(9) *Paid Cash for Insurance* £10

This transaction is similar to the last. He credits 'Cash' with £10 and opens an account for 'Insurance,' which he debits with £10.

(10) *Discounted T. Jones's acceptance and received in Cash* £99, *and allowed for Discount* £1 . £100

Here he parts with one of the bills receivable by him. He therefore credits the account of 'Bills Receivable' with £100.* As he receives £99 in cash, he debits 'Cash' with that amount. He incurs an expense of £1 in discount. His assets consequently are reduced by £1. As in (8) and (9), he raises an account for '**Discount**,' which he debits with £1.

(11) *Bought Wine of F. Brook*. £100

Here, as in (4), he debits 'Wine' and credits 'F. Brook.'

(12) *Paid F. Brook* £98 *in Cash, and was allowed Discount* £2 . . . . . £100

As the whole liability of £100 to F. Brook is discharged by this transaction, he debits 'F. Brook' with £100. Cash is lessened by £98. He therefore credits 'Cash.' He gains £2 by discount, increasing his assets by that amount, he therefore credits 'Discount' with £2.

(13) *Consigned to P. Walker, to be sold by him on my account and risk, Wine invoiced at*. . . £225

Here his stock of wine at home is decreased by the value of the consignment. He therefore credits 'Wine' with £225. P. Walker being simply his agent and not the purchaser of the wine, cannot be debited. It is necessary however that

* It must be borne in mind, however, that Ward is liable to the discounter of the bill in the event of its being returned dishonoured, that is, if Jones fails to pay it when it becomes due.

he should open an account to shew where his property is. This he does under the descriptive title, 'Consignment of Wine to P. Walker,' and he debits it with the invoiced value of the wine, viz. £225.

(14) *Received Cash from P. Walker on account of Consignment of Wine* £100

He now opens an account for 'P. Walker,' which he credits with the £100, and he debits 'Cash' with the receipt of £100.

(15) *Received Account Sales from P. Walker, shewing that the above consignment of Wine realized (net)* £285

P. Walker now becomes his debtor for the amount realized. He therefore debits the account of P. Walker and credits 'Consignment' with the amount realized, viz. £285.

(16) *Received Cash from P. Walker, being balance of amount realized by consignment of Wine* . £185

P. Walker is now no longer his debtor. He therefore credits 'P. Walker' with £185, which balances his account, and he debits 'Cash' with the receipt of the same amount.

(17) *Paid Cash for purchase of Business Premises* . £300

He has now converted part of his cash into another description of property, for which it is necessary to open an account. This he does under the title of 'Business Premises,' debiting it with the £300, and crediting 'Cash' with the same amount.

The entries of the foregoing transactions stand in his Ledger as follows:—

LEDGER.

Note.—The accounts are placed in the following order as the most convenient for explaining the process of balancing (pp. 16–19).

Dr. JOHN WARD (CAPITAL ACCOUNT). **Cr.**

	£	s.	d.		£	s.	d.
To J. Smith	50	0	0	By Sundries	1300	0	0

Dr. BUSINESS PREMISES. **Cr.**

*(17) To Cash	300	0	0				

Dr. WINE. **Cr.**

To J. Ward (Cap[l]. Acct.).....	1000	0	0	(1) By Cash.....	10	0	0
				(3) By J. Smith ...	50	0	0
(2) To Cash.....	100	0	0	(13) By Consignment to P. Walker ...	225	0	0
(4) To F. Brook	75	0	0				
(11) To Do.	100	0	0				

Dr. CASH. **Cr.**

To J. Ward (Cap[l]. Acct.).....	200	0	0	(2) By Wine.....	100	0	0
				(7) By J. Smith (Loan)	20	0	0
(1) To Wine	10	0	0	(8) By Salaries	10	0	0
(10) To Bills Receivable	99	0	0	(9) By Insurance	10	0	0
(14) To P. Walker ..	100	0	0	(12) By F. Brook	98	0	0
(16) To Do. ..	185	0	0	(17) By Business Prem.	300	0	0

* The numbers prefixed to the entries refer to corresponding numbers given to the separate transactions.

Dr. BILLS RECEIVABLE. **Cr.**

	£	s.	d.		£	s.	d.
(5) To T. Jones	100	0	0	(10) By Cash.....	99	0	0
				„ By Discount	1	0	0

Dr. BILLS PAYABLE. **Cr.**

				(6) By F. Brook	75	0	0

Dr. T. JONES. **Cr.**

To J. Ward (Capl. Acct).....	100	0	0	(5) By Bills Receivable	100	0	0

Dr. J. SMITH. **Cr.**

(3) To Wine	50	0	0	By J. Ward (Capl. Acct).....	50	0	0
(7) To Cash.....	20	0	0				

Dr. F. BROOK. **Cr.**

(6) To Bills Payable..	75	0	0	(4) By Wine.....	75	0	0
(12) To Cash.....	98	0	0	(11) By do.	100	0	0
„ To Discount	2	0	0				

Dr. P. WALKER. **Cr.**

(15) To Consignment of Wine (net prcds.)	285	0	0	(14) By Cash.....	100	0	0
				(16) By do.	185	0	0

Dr. CONSIGNMENT OF WINE TO P. WALKER. Cr.

	£	s.	d.		£	s.	d.
(13) To Wine	225	0	0	(15) By P. Walker....	285	0	0

Dr. SALARIES. Cr.

(8) To Cash.....	10	0	0				

Dr. INSURANCE. Cr.

(9) To Cash.....	10	0	0				

Dr. DISCOUNT. Cr.

(10) To Bills Receivable	1	0	0	(12) By F. Brook	2	0	0

In order to ascertain the gain or loss resulting from the transactions recorded, he proceeds as follows:—

He first abstracts the totals of all the Dr. entries and of all the Cr. entries from his Ledger. As for every transaction the Dr. entry (or entries) is equal to the Cr. entry (or entries), the totals of the Dr. and Cr. sides, if the entries are correctly made, must agree.

This operation, which is a most valuable check upon the arithmetical accuracy of the entries, is called making a **Trial Balance.**

The trial balance of the foregoing Ledger is as follows. viz.:—

TRIAL BALANCE.

	Drs.			Crs.		
	£	s.	d.	£	s.	d.
John Ward (Capital Account)	50	0	0	1300	0	0
Business Premises	300	0	0			
Wine	1275	0	0	285	0	0
Cash	594	0	0	538	0	0
Bills Receivable	100	0	0	100	0	0
Bills Payable				75	0	0
T. Jones	100	0	0	100	0	0
J. Smith	70	0	0	50	0	0
F. Brook	175	0	0	175	0	0
P. Walker	285	0	0	285	0	0
Consignment (P. Walker)	225	0	0	285	0	0
Salaries	10	0	0			
Insurance	10	0	0			
Discount	1	0	0	2	0	0
	3195	0	0	3195	0	0

Finding the totals of the Dr. and Cr. entries agree, he proceeds to make what are called *closing entries;* strictly, they ought to be called *equalising entries.* No such entries are required in accounts where the totals of the Dr. and Cr. sides are equal, for such accounts are already closed. In these cases he merely inserts the total on each side, and draws a line underneath.

Where the totals of the two sides do not agree, he transfers the difference or balance, so far as it represents a gain or a loss, to a general account of 'Profit and Loss;' and the balance of this account of Profit and Loss he transfers to his own account — 'John Ward (Capital account).' The remaining balances represent

only assets or liabilities. He closes the accounts in which they appear by inserting such balance at the foot of the lesser side of each account, and also the totals which now agree. He then opens new accounts in the Ledger under the same titles, or, if there is room, continues the accounts on the same pages, and in these new accounts enters the balances on the proper side, that is, the side opposite to that on which they were entered to close the old accounts, thus maintaining the continuity of the record.

* His course is as follows: He first values his business premises. Having only recently purchased them, he fairly values them at the amount he gave for them, viz. £300. This amount, being an asset, he carries forward to a new account for 'Business Premises,' by crediting the old account, and debiting the new with £300.

He next ascertains the quantity and estimates the value of his goods on hand; in this case only wine. The operation by which this value is arrived at is called Taking stock. We will assume that it amounts to £980. This asset he carries forward to a new Wine account by debiting it, and crediting his old Wine account with £980. On adding up the two sides of his Wine account, he finds that the total of the debits exceeds the total of the credits by £10. The debits being composed of his stock at commencement and his purchases, and the credits being composed of his deliveries and his stock on hand at the close, it is clear that he has made a loss on this account of £10. He now opens his general account of 'Profit and Loss,' and debits it with the loss of £10, on

* The student should now refer to pp. 19–22, and follow carefully each entry in the Ledger.

the same principle on which he debited 'Salaries,' an account subsidiary to 'Profit and Loss' (see p. 10); and he closes the old Wine account by crediting it with the loss of £10.*

He next takes his 'Cash' account. If that account has been correctly kept, his cash in hand must be the difference between the totals of the two sides of the account, viz. £56. This asset he carries forward to a new Cash account by crediting the old account and debiting the new account with £56.

His 'Bills Receivable' account shews no balance.

His 'Bills Payable' account shews a credit balance of £75. This liability he carries forward to a new Bills Payable account, by debiting the old account and crediting the new account with £75.

On J. Smith's account there is a debit balance of £20. This asset he carries forward to a new account for 'J. Smith' by crediting the old account and debiting the new with £20.

The accounts of 'F. Brook' and 'P. Walker' shew no balance.

The 'Consignment' account shews a credit balance of £60. The Consignment has all been sold. This balance therefore represents a gain, for it is the excess of the amount realized by the sale of the wine consigned, beyond its invoiced price. This gain of £60 he therefore carries to the credit of 'Profit and Loss,' closing the 'Consignment' account by debiting it with that amount.

* In practice, the entry in the Ledger of the gain or loss always precedes the entry of the balance in hand (although arrived at by the process described), in order that the same item may terminate the old account and begin the new account.

The accounts of 'Salaries,' 'Insurance,' and 'Discount' are all subsidiary to the general account of 'Profit and Loss.' He closes them, in the case of 'Salaries,' by crediting it and debiting 'Profit and Loss' with £10; in the case of 'Insurance,' by crediting it and debiting 'Profit and Loss' with £10; and in the case of 'Discount,' by debiting it and crediting 'Profit and Loss' with £1.

He now adds up his **Profit and Loss account,** which shews on the one side all his gains and how they arise, and on the other all his losses and expenses, and finds that it produces a credit balance of £31, which is his net gain on the transactions recorded. This balance of £31, being an increase to his capital during the period, he transfers to his own account—'John Ward (Capital account),'—by crediting that account and debiting 'Profit and Loss' with it.

The account 'John Ward,' which now shews a credit balance of £1281, he closes by transferring that balance to a new account for 'John Ward,' debiting the old account and crediting the new account with £1281.

The totals of both sides of each of the old accounts in his Ledger are now exactly equal, and the Ledger is said to be closed. It stands as follows:—

Dr. JOHN WARD (CAPITAL ACCOUNT). **Cr.**

	£	s.	d.		£	s.	d.
To J. Smith	50	0	0	By Sundries	1300	0	0
To Balance carried down	1281	0	0	By Profit and Loss...	31	0	0
	1331	0	0		1331	0	0
				By Bal. brought down..	1281	0	0

Dr. BUSINESS PREMISES. Cr.

	£	s.	d.		£	s.	d.
(17) To Cash.....	300	0	0	By Bal. carried down..	300	0	0
To Bal. brot. down	300	0	0				

Dr. * WINE. Cr.

To J. Ward (Capl. Acct.).....	1000	0	0	(1) By Cash.....	10	0	0
(2) To Cash.....	100	0	0	(3) By J. Smith	50	0	0
(4) To F. Brook.....	75	0	0	(13) By Consignment to P. Walker	225	0	0
(11) To do.	100	0	0	By Profit and Loss	10	0	0
				By Bal. carrd. down	980	0	0
	1275	0	0		1275	0	0
To Bal. brot. down	980	0	0				

Dr. CASH. Cr.

To J. Ward (Capl. Acct.).....	200	0	0	(2) By Wine	100	0	0
(2) To Wine	10	0	0	(7) By J. Smith (loan)	20	0	0
(10) To Bills Receivable	99	0	0	(8) By Salaries.....	10	0	0
(14) To P. Walker....	100	0	0	(9) By Insurance	10	0	0
(16) To do.	185	0	0	(12) By F. Brook	98	0	0
				(17) By Business Prem.	300	0	0
				By Bal. carrd. down	56	0	0
	594	0	0		594	0	0
To Bal. brot. down	56	0	0				

Dr. BILLS RECEIVABLE. Cr.

(5) To T. Jones.....	100	0	0	(10) By Cash.....	99	0	0
				„ By Discount	1	0	0
	100	0	0		100	0	0

* It is conceivable that the loss under this head may have wholly or in part arisen from an undervaluing of the Wine consigned, in which case the profit on the 'Consignment' would have been so much less.

Dr. **BILLS PAYABLE.** **Cr.**

	£	s.	d.		£	s.	d.
To Bal. carried down..	75	0	0	(6) By F. Brook	75	0	0
				By Bal. brot. down	75	0	0

Dr. **T. JONES.** **Cr.**

To J. Ward (Capl. Acct.)	100	0	0	(5) By Bills Receivable	100	0	0

Dr. **J. SMITH.** **Cr.**

(3) To Wine	50	0	0	By J. Ward (Capl. Acct.)	50	0	0
(7) To Cash	20	0	0	By Bal. carried down ..	20	0	0
	70	0	0		70	0	0
To Bal. brot. down	20	0	0				

Dr. **F. BROOK.** **Cr.**

(6) To Bills Payable..	75	0	0	(4) By Wine	75	0	0
(12) To Cash.....	98	0	0	(11) By do.	100	0	0
„ To Discount	2	0	0				
	175	0	0		175	0	0

Dr. **P. WALKER.** **Cr.**

(15) To Consignment of Wine, net prcds.	285	0	0	(14) By Cash.....	100	0	0
				(16) By do.	185	0	0
	285	0	0		285	0	0

Dr. CONSIGNMENT OF WINE TO P. WALKER. **Cr.**

	£	s.	d.		£	s.	d.
(13) To Wine.....	225	0	0	(15) By P. Walker...	285	0	0
To Profit and Loss	60	0	0				
	285	0	0		285	0	0

Dr. SALARIES. **Cr.**

(8) To Cash	10	0	0	By Profit and Loss....	10	0	0

Dr. INSURANCE. **Cr.**

(9) To Cash	10	0	0	By Profit and Loss ...	10	0	0

Dr. DISCOUNT. **Cr.**

(10) To Bills Receivable	1	0	0	(12) By F. Brook ...	2	0	0
To Profit and Loss	1	0	0				
	2	0	0		2	0	0

Dr. PROFIT AND LOSS. **Cr.**

To Wine	10	0	0	By Consignment (P.			
To Salaries.....	10	0	0	Walker)	60	0	0
To Insurance.....	10	0	0	By Discount.....	1	0	0
To J. Ward (Capl. Acct.)							
for Bal., net profit ..	31	0	0				
	61	0	0		61	0	0

The new accounts have now been opened with the balances outstanding upon the old. These balances which represent the state of the concern at the close are as follows:—

	Dr. Balances.			Cr. Balances.		
	£	s.	d.	£	s.	d.
John Ward				1281	0	0
Business Premises . . .	300	0	0			
Wine	980	0	0			
Cash	56	0	0			
Bills Payable				75	0	0
J. Smith	20	0	0			
	1356	0	0	1356	0	0

Every account in the Ledger has been adjusted to the same moment of time, and the actual state of the concern appears in the foregoing Dr. and Cr. balances, which are conveniently arranged in the following form, designated a Balance Sheet:—

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
To Bills Payable	75	0	0	By Business Premises..	300	0	0
To John Ward's Capital	1281	0	0	By Wine.....	980	0	0
				By Cash.....	56	0	0
				By J. Smith	20	0	0
	1356	0	0		1356	0	0

From this it appears that the sum of £1281, at the credit of John Ward in the Ledger, is composed of assets of the value of £1356, less liabilities amounting to £75.

When the accounts commenced his assets were £1300, and his liabilities £50. The difference between the value of his assets less liabilities at starting, and his assets less liabilities at close, is £31, the amount appearing as the balance of the Profit and Loss account, which thus exhibits the process by which that result has been arrived at.

No doubt a merchant—provided he kept personal accounts with his customers, and knew how much he owed and how much was owing to him—might, without recording as we have done the full effect of every transaction, ascertain his profit or loss for any period by merely comparing the value of his assets less liabilities (if any), at starting, with the value of his assets less liabilities (if any), at the close, after making allowance for sums withdrawn by him. He could not tell, however, how the difference was occasioned. But by the system of Double Entry he knows exactly how his gains and losses have arisen, and how much of his gains have been consumed by various descriptions of expenses; because he keeps an account for every description of property on which it is desirable to know separately the gains and losses, for every description of expenditure for which he has received no property in exchange, and for every description of receipt in respect of which he has parted with no property. Further, the complete records which under this system are kept of each transaction, enable the merchant to act on all occasions with full knowledge; render it difficult for fraud committed on him to escape undetected; make the position of his affairs apparent; and furnish a self-acting check upon their own accuracy.

In manipulating the foregoing imaginary transactions we have carried each of them from the original con-

secutive record in which it appears directly to its proper accounts in the Ledger. We have shewn that the science of Double Entry consists in classifying in the Ledger all pecuniary transactions which occur in the course of business, that is in assigning each fact to its proper accounts. It will readily be perceived, however, that when the transactions are numerous, and many of them are similar in their nature, some classification in the original entry, in anticipation of their final classification in the Ledger, may with great advantage be made. The classification must necessarily to a large extent depend upon the nature of the business.

CASH BOOK.

Businesses of every sort involve the receipt and payment of money, and it is the universal practice to record all such transactions in a book set apart for the purpose, called the **Cash Book.** This book is the record of all moneys received and paid, and for purposes of convenience it is kept in Ledger fashion; that is, it is divided vertically, and the receipts are entered on the debit side and the payments on the credit side. Cash consists of money actually in hand and at the banker's, the Cash Book accordingly should contain the record of all receipts and payments of the banker on account of the merchant, as well as of the merchant himself. The process of checking the amount of cash in hand, a most necessary operation, and one of daily occurrence, is greatly facilitated by using separate columns for 'Banker's' and 'At Office.'

For petty disbursements a separate book is kept,

called the **Petty Cash Book.** This book is of the same form as the Cash Book. It contains on the debit side the amounts advanced to the Petty Cash keeper, and on the credit side the payments made by him.

BILL BOOKS.

Bills* are undertakings to pay certain sums at certain times, and until the times of payment arrive they supply the place of Cash. As instruments of exchange they are very important, and it has been found convenient for purposes of reference, as well as conducive to their final classification in the Ledger, to keep distinct records of them. Bills are of two sorts, those payable *by* the merchant, and those payable *to* him. The former sort are entered in a book called the **Bills Payable** book. The latter are entered, when received, in a book called the **Bills Receivable** book. These books are usually ruled in columns to shew all the particulars of each bill—in fact to afford a complete abstract of it. They are generally furnished with two additional columns, one for the entry of a series of consecutive numbers, written also on the bills, for identification and facility of reference, and another to shew how each bill has been disposed of.

BOOKS FOR SALES AND PURCHASES, INSURANCES, &c.

The form and number of these books must necessarily depend upon the nature and extent of the business. The great point to be aimed at in their construction is to

* See page 80.

provide separate books, or parts of books, for the entry of all transactions which similarly affect the same heads of account in the Ledger, in order that *totals* under each head may be arrived at from these books. A large amount of repetition in describing the particulars of similar transactions may often be avoided by a judicious use of columns and printed headings.

The classification of the original entries — in Cash Books, in Bill Books, and in Books for Sales and Purchases—materially lessens the labour of recording them in the Ledger. But this labour may be still further lessened and the classification consolidated by the employment of another book, called the **Journal.**

JOURNAL.

The Journal collects at convenient periods, usually monthly, the sums of all the transactions appearing in the various original records, and puts them in exact shape for entry in the Ledger, designating the side of each account in the Ledger on which the values are to be placed. The Journal also contains, and may be the original record of, all items which do not fall under the classification of Cash Books, Bill Books, &c., such as transfers from one account to another, or transactions between the partners of a concern. In journalizing (that is, entering in the Journal) any transaction, or group of similar transactions, the receiving account is entered as Dr. to the delivering account for the amount of the transaction. Thus the Journal entry of—

Sold Wine for Cash £10

is 'Cash Dr. to Wine, £10.' Further description of the transaction may be given in the Journal if necessary. Thus:—

Cash Dr. to Wine (for 5 doz. Sherry at 40s.) . . £10

Such description is technically called The narration.

The Journal is usually ruled with two money columns: the one for the entry of all debits, the other for the entry of all credits. The totals of these columns for any period necessarily agree, and thus form a perfect check upon the totals of the debit and credit entries in the Ledger for the same period, thereby materially assisting the operation of balancing the Ledger. Where every item passes through the Journal the entries in the Ledger are purely mechanical. It is the practice, however, in many businesses to Post * each item directly from the Cash Books, Bill Books, Books for Sales and Purchases, Insurances, &c., to its proper head of account in the Ledger, and to pass the totals of these books only through the Journal. This plan, which we have illustrated in Appendix A, avoids much mere transcription; and as these entries in the Ledger are made daily, the state of the accounts of the various persons dealt with may be seen at any moment. The transactions which do not fall into the classifications accomplished by these books have to be journalized separately.

By means of these anticipatory classifications, completed by the Journal, the necessity of making two entries in the Ledger for each individual transaction is obviated, as the transactions are so collected and grouped that the

* To Post, in book-keeping sense, is to enter in Ledger.

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result of several of them can be carried in total to the debit and to the credit of the accounts to which each individually relates. This condensation is not only most valuable for enabling us to arrive with ease and certainty at general results, but by avoiding mere repetition of details, it greatly lessens chances of error, and may, by a judicious division of the labour of entry, be made to act as a considerable check against fraud. It is, however, an indispensable condition of a condensation of items in the Ledger, that provision should be made, by means of references, for tracing the course of every individual transaction from its occurrence to its final record. Every set of books should be self-explanatory.

In trades where goods are sold in small quantities, it would involve an unnecessary amount of labour to keep an account for every article in the Ledger. In such cases one general account for Goods is found to be sufficient. This account should be debited periodically with the totals of all purchases and credited with the totals of all sales.

In the keeping of accounts there is no point of greater importance than the correct distribution of items, both of Receipt and Expenditure, under the heads of which **Capital** and **Revenue** are composed, Capital being the assets less liabilities, if any; and Revenue being the income derived from the Capital employed, shewn by the Profit and Loss account. Bearing in mind that Book-keeping, as is stated at p. 1, is a record of facts and of facts only, the student will perceive (1) that no expenditure should be placed or charged to Capital unless it has the effect of increasing the asset to which it is charged beyond the amount at which it is already valued in the books, and (2) that all receipts of money should be

credited to Capital which, issuing out of the assets, have the effect of reducing the assets (other than cash) below the amount at which they are valued in the books.

A periodical investigation into the value of the assets of any business is of great importance, and where the nature of the business and the character of the assets allow of the operation being satisfactorily performed, their value should be determined and the accounts of Capital and Revenue adjusted accordingly.

All expenditure which partakes of the nature of replacement, or the making good of wear and tear, clearly does not increase assets, and therefore should be charged to Profit and Loss. But all expenditure for additional buildings, or machinery, or for improvement of existing buildings or machinery, constituting absolute additions to their extent or efficiency, increases their value, and is therefore a legitimate charge to Capital. On the other hand, all receipts from the sale of premises or machinery lessen those assets, and ought to be credited to Capital.

It is a just and healthful provision in partnerships that the capital of the several partners be made subject to interest at a fixed rate, and that such interest form an element in the Profit and Loss account before its net balance is divided between them. Even where the concern belongs to one man, he should, before estimating his profits, calculate interest upon his capital invested.

The examples by which we have already illustrated the principle of Double Entry comprise every ordinary sort of financial transaction, and after a careful study of these the student will have no great difficulty in mastering the

fuller examples given in Appendix A. To become an expert book-keeper great practice is required; the examples given should be carefully worked by the student, and others should be set by the teacher. But the practice which is really valuable does not consist in copying transactions from one book to another, but in assigning each transaction to its proper heads of account.

The specimens given are of **Commercial** transactions, which, from their comprehensive range, afford the most varied illustrations of the principle of Double Entry, for the operations of commerce involve all those multifarious transactions of buying and selling, of lending and borrowing, of employing and being employed, from which profits and losses arise, as well as the receipt and appropriation of profits, and the disposition or appropriation of losses and expenses.

Bankers trade in money and bills. The business of **Insurance Companies** consists in the receipt, investment, and payment of money under certain specific conditions. **Railway Companies** derive their income from work done and services performed. **Private Accounts**, as a rule, merely record the receipt, appropriation, and investment of income. **Fiduciary** or **Trust Accounts** are generally of the nature of private accounts, though they are not unfrequently of a commercial character, in cases namely where Trustees carry on businesses for the benefit of others. **Public Accounts**, notwithstanding their enormous magnitude, present but little variety in the nature of the transactions recorded in them, inasmuch as, with few and comparatively unimportant exceptions, every receipt goes to form the national income, and every payment is made out of this income, and goes to form the national

expenditure. In other words, no accounts are kept to exhibit the value of the national assets, and the question of a distinction between Capital and Revenue does not arise for consideration in the formation of the national balance-sheet.*

The transactions involved in all these classes of accounts thus find their parallels in **Commercial Accounts,** and it is therefore unnecessary to give separate examples of them. And as every pecuniary transaction, to whatever class of accounts it may belong, has of necessity a twofold operation, it follows that the only *complete* record of such transactions, whether they be numerous and complicated or few and simple, is a Double Entry record.

Where the conditions of being entitled and receiving and of becoming liable and discharging are simultaneous, the Cash Book may contain the record of every transaction which takes place. In such cases the system of Double Entry is none the less applicable because all the transactions are of one kind. The accounts in the Ledger are debtors to the Cash account for money paid, and creditors for money received. And 'Cash,' of which the account is kept in the Cash Book, is debtor for all money received, and creditor for all money paid. This very simple plan of account is peculiarly well adapted for recording the income and expenditure of such institutions as hospitals, schools, and the like. Where the heads of account are few in number, this method may be still further reduced. The Ledger may be dispensed with and its functions performed by means of columns introduced in the Cash Book.

* See Appendix B.

APPENDIX A.

Dr. *Balance Sheet of* JAMES BRUCE,

LIABILITIES.	£	s.	d.	£	s.	d.
To Sundry Creditors, viz. :—						
On Bills Payable . . .	1150	0	0			
On Open Accounts, as under :—						
F. Haynes . . 290 10						
J. Reeves . . 45 0						
F. Brook . . 430 0						
J. Douglas (Aberdn.) 500 0						
	1265	10	0			
				2415	10	0
To James Bruce's Capital				7539	6	0
				9954	16	0

On 1st January, 1867, George Williams, with a capital of £2500 in cash, which he pays in to the banking account of the new firm, is taken into partnership, on the understanding that he accepts the assets and liabilities as stated above, and that the capital and drawings of the

on 31st December, 1866. **Cr.**

ASSETS.	£	s.	d.	£	s.	d.
By Cash on hand, viz.:—						
At Union Bank . . .	1500	0	0			
At Office	105	11	4			
				1605	11	4
By Sundry Debtors, viz.:—						
On Bills Receivable . .	709	18	0			
On Open Accounts, as under:—						
J. King . . 500 6 8						
P. Walsh . . 300 0 0						
	800	6	8			
				1510	4	8
By Wine on hand				5839	0	0
By Business Premises, valued at				1000	0	0
				9954	16	0

partners are to be subject to interest at five per cent., and that the net balance of the profit and loss is to be divided thus:—

To James Bruce, three-fourths.

To George Williams, one-fourth.

The following is a complete list of their transactions for the month of January, 1867, in the order of date:—

			£	s.	d.
Jan.	1	Advanced for Petty Cash to meet payments for Póstages, Stationery, &c. . . C	10	0	0
„	„	Bought of S. Nokes, 15 hhds. of Brandy at £70 . . . . . B	1050	0	0
„	„	Discounted with the Union Bank J. Green's acceptance for £200, due on 1st Feb. (Bills Receivable, No. 84), and allowed for Discount £2 C	200	0	0
„	„	Our acceptance of J. Duncan's draft, paid at Un. Bnk. this day (Bills Payable, No. 52) C	200	0	0
„	2	Bought of J. Smith, 10 butts of Sherry at £71 10s. . . . . B	715	0	0
„	„	Accepted J. Smith's draft,* payable to his order at two months' date (Bills Payable, No. 1) . . . . . P	715	0	0
„	3	Sold to J. Douglas of Aberdeen, 6 butts of Sherry at £70 . . . . . S	420	0	0
		Shipped the above to J. Douglas, at his risk, on board the 'Good Hope'			
„	„	Insured the above with J. Good for £460 .	8	0	0
„	„	Our Commission on the above shipment .	9	10	0
„	„	Paid Cash for shipping charges on above shipment C	7	4	0
„	„	Paid F. Brook, by cheque on Union Bank C	420	0	0
„	„	Received Discount of F. Brook . . C	10	0	0
„	4	Received consignment of 150 doz. of Claret from T. Sandford, to be sold on his account at 2 per cent. commission on proceeds, invoiced at £2 per doz. . .	300	0	0
„	„	Paid Cash for carriage of above consignment C	2	0	0
„	„	Accepted T. Sandford's draft, payable to his order at 21 days (Bills Payable, No. 2) P	100	0	0
„	5	Paid S. Nokes for Brandy, by cheque on Union Bank C	1025	0	0
„	„	Received Discount from S. Nokes . C	25	0	0
„	„	Sold to W. Brown, 40 galls. of Brandy at 30s. S	60		
„	„	Sold to W. Brown, 7 butts of Sherry at £80 S	560	0	0
„	„	Received W. Brown's promissory note * at 21 days (Bills Receivable, No. 1) . R	620	0	0
„	7	Cash drawn out by J. Bruce for private expenses, by cheque on Union Bank . C	200	0	0
„	„	Sold to J. Cooper, 100 doz. of Claret, part of T. Sandford's consignment, at £2 10s. per doz.	250	0	0

* For form see pages 80 and 81.

Jan.	7	Sold to J. Smith, 50 doz. of Claret, remainder of T. Sandford's consignment, at £2 10s. per doz.		£ 125	s. d. 0 0
„	„	Commission gained by us on above consignment		7	10 0
„	„	Sold 10 doz. Sherry for cash, at 40s. per doz.	C	20	0 0
„	8	J. Harvey's acceptance to us, due this day (Bills Receivable, No. 85), returned to us dishonoured		180	0 0
„	„	Paid Cash for noting the Bill	C	0	6 0
„	„	Paid T. Sandford, by cheque on Union Bank, balance due to him on consignment of Claret	C	265	10 0
„	10	Purchased additional Business Premises from W. Brown		700	0 0
„	„	Paid W. Brown by returning his promissory note. (Bills Receivable, No. 1)		620	0 0
„	„	Accepted W. Brown's draft, payable to F. Hill at 1 month (Bills Payable, No. 3)	P	80	0 0
„	12	Paid Cash for Salaries of Clerks	C	45	0 0
„	„	Sold to J. Cooper, 12 butts of Sherry at £80	S	960	0 0
„	14	Received Cash from J. Cooper (paid into Union Bank)	C	960	0 0
„	„	Paid Cash for Insurance	C	20	4 6
„	„	Paid F. Haynes, by cheque on Union Bank	C	285	0 0
„	„	Received Discount from F. Haynes	C	5	10 0
„	„	Sold to T. Sandford, 100 doz. of Sherry at £2 10s.	S	250	0 0
„	„	Received T. Sandford's acceptance at 2 months (Bills Receivable, No. 2)	R	150	0 0
„	„	Received from T. Sandford our acceptance to him (Bills Payable, No. 2), cancelled		100	0 0
„	16	Received from J. King (paid into Union Bank)	C	490	0 0
„	„	Allowed Discount to J. King	C	10	6 8
„	„	Received from J. Cooper (paid into Union Bank)	C	250	0 0
„	17	Paid J. Reeves, by cheque on Union Bank, amount due	C	45	0 0
„	„	Received P. Walsh's acceptance at 1 month, for amount due by him (Bills Receivable, No. 3)	R	300	0 0
„	18	Bought of J. Smith, 20 butts of Sherry at £70	B	1400	0 0
„	„	Paid J. Smith, by cheque on Union Bank	C	1000	0 0
„	„	Accepted J. Smith's draft at 2 months (Bills Payable, No. 4)	P	400	0 0
„	19	Consigned 20 butts of Sherry to R. Green, to be sold by him on our account and risk		1400	0 0

			£	s.	d.
Jan.	19	J. Thomson's acceptance (Bills Receivable, No. 86), due this day, paid at Union Bank	C	329	18	0
„	21	Our acceptance of G. French's draft, due this day, paid at Union Bank (Bills Payable, No. 53)	C	950	0	0
„	„	Sold 5 galls. of Brandy for Cash, at 30s. per gall.	C	7	10	0
„	22	Sold to J. Reeves, 5 doz. of Sherry at £3	S	15	0	0
„	„	Sold to J. Reeves, 6 galls. of Brandy at 30s.	S	9	0	0
„	23	Received Cash, 10s. in the £ on J. Harvey's debt to us, he having compounded with his creditors	C	90	0	0
„	„	Wrote off balance on J. Harvey's account as a bad debt		90	6	0
„	24	Received Cash from J. Reeves	C	23	0	0
„	„	Allowed for Discount	C	1	0	0
„	25	Received account sales from R. Green, shewing that the Sherry consigned to him had realized net		1350	0	0
„	26	Bought of S. Nokes, 10 butts of Sherry at £50	B	500	0	0
„	„	Paid S. Nokes, by cheque on Union Bank	C	490	0	0
„	„	Received Discount from S. Nokes	C	10	0	0
„	28	Paid Cash for Repairs of Premises	C	14	6	8
„	„	Bought of J. West, 12 doz. of Brandy in bottles at 50s.	B	30	0	0
„	29	Procured by J. Good the settlement of a total loss of goods, per 'Good Hope,' the sum assured being £460, less brokerage £2		458	0	0
„	„	Sold to J. King, 100 galls. of Brandy at 30s.	S	150	0	0
„	„	Sold to J. King, 100 doz. of Sherry at 30s.	S	150	0	0
„	„	Sold to P. Walsh, 3 hhds. of Brandy at £75	S	225	0	0
„	„	Sold to P. Walsh, 50 doz. of Sherry at £2	S	100	0	0
„	31	Paid into Union Bank, by J. Good	C	450	0	0
„	„	Paid Cash for Salaries of Clerks	C	50	0	0
„	„	Interest due by R. Green to this date		1	2	6
„	„	Interest on amount drawn out by J. Bruce		0	14	2
„	„	Interest on J. Bruce's capital		35	5	9
„	„	Interest on G. Williams's capital		12	10	0
„	„	Trade charges paid out of Petty Cash* to this date		9	4	0
„	„	Estimated monthly wear and tear of Premises		10	0	0
„	„	Stock of Sherry on hand		5074	0	0
„	„	Stock of Brandy on hand		696	4	6

* It has not been thought necessary to give the Petty Cash Book, shewing the particulars of this sum, as it is merely a record in order of date of the amounts spent for trifling trade expenses.

The transactions in the foregoing list, marked

C	for	Cash Book,
R	„	Bills Receivable,
P	„	Bills Payable,
B	„	Bought,
S	„	Sold,

are recorded directly in these books as they occur, and posted directly from these books to the Ledger, to the debit or the credit of their proper accounts. The remaining transactions, not being sufficiently numerous to be classified in special books for the purpose, are made the subjects of separate Journal entries.

If the Cash Book and Journal are kept by two separate persons, it is necessary that the one who keeps the Cash Book, as well as the one who keeps the Journal, should know which accounts, besides personal accounts, are required to be opened in the Ledger, as the account to which each item belongs has to be designated in the entry of it in the Cash Book.

The Appendix supposes that Messrs. Bruce & Williams require their stock to be kept under the two heads of 'Wine' and 'Brandy;' and their Profit and Loss account includes the following subdivisions, viz. 'Trade Charges,' 'Salaries,' 'Insurance,' 'Interest and Discount,' 'Commission,' 'Bad Debts.'

It will be observed that in accordance with a convenient plan (see pp. 42, 43), Messrs. Bruce & Williams's Cash Book is furnished with separate columns for 'Banker's' and 'At Office.' It is also furnished with columns for 'Discount,' so as to obviate the necessity of making a separate entry in the Discount account

in the Ledger for every item of discount received and allowed.

The cash transactions which we have given are not sufficiently numerous to fill either side of the Cash Book. It is well to mention, however, that it is usual when one side of an account either in the Cash Book or Ledger is full, to add up both, and to carry the totals forward to the next folio. It is usual also in such cases to draw a line diagonally across the side which is not full, to show that the blank is intentional.

We have given no instance in these transactions of a transfer between the moneys in the bank and the cash at office. Such transfers should appear on the face of the Cash Book only. The general account of 'Cash' in the Ledger is not affected by them.

CASH BOOK.

BILLS RECEIVABLE BOOK.

BILLS PAYABLE BOOK.

BOUGHT BOOK.

SOLD BOOK.

JOURNAL.

LEDGER.

Dr. CASH BOOK. **(1)**

Lgr. Fol.	Date.	Receipts.	Discount. £	Discount. s.	Discount. d	At Office. £	At Office. s.	At Office. d	At Bankers. £	At Bankers. s.	At Bankers. d
	1867										
	Jan. 1	To Balance in hand				105	11	4	1500	0	0
1	„ „	To G. Williams, for capital introduced this day							2500	0	0
2	„ „	To Bills Receivable, for No. 84, discounted this day	2	0	0				198	0	0
1	„ 7	To Wine (10 doz. at 40s.).....				20	0	0			
5	„ 14	To J. Cooper							960	0	0
5	„ 16	To J. King	10	6	8				490	0	0
5	„ „	To J. Cooper							250	0	0
2	„ 19	To Bills Receivable, for No. 86, due this day..							329	18	0
1	„ 21	To Brandy (5 galls. at 30s.).....				7	10	0			
5	„ 23	To J. Harvey (composition of 10s. in the £)				90	0	0			
6	„ 24	To J. Reeves	1	0	0	23	0	0			
4	„ 31	To J. Good							450	0	0
			13	6	8	246	1	4	6677	18	0
	Feb. 1	To Balance in hand				117	0	2	1797	8	0

* Charges of this sort are frequently posted to 'Trade Charges' in the first instance, and subsequently transferred to the debit of the accounts to which they relate, by a Journal

(1) **CASH BOOK.** **Cr.**

Lgr. Fol.	Date.	Payments.	Discount. £	Discount. s.	Discount. d.	At Office. £	At Office. s.	At Office. d.	At Bankers. £	At Bankers. s.	At Bankers. d.
	1867										
3	Jan. 1	By Petty Cash (advance)				10	0	0			
2	„ „	By Bills Payable, No. 52, due this day							200	0	0
* 3	„ 3	By J. Douglas, Shipping charges				7	4	0			
4	„ „	By F. Brook	10	0	0				420	0	0
* 4	„ 4	By T. Sandford (Carriage of consignment)				2	0	0			
3	„ 5	By S. Nokes	25	0	0				1025	0	0
8	„ 7	By J. Bruce (current account), withdrawn for expenses							200	0	0
5	„ 8	By J. Harvey, noting acceptance (Bills Receivable, No. 85), returned dishonoured				0	6	0			
4	„ „	By T. Sandford							265	10	0
7	„ 12	By Salaries of Clerks				45	0	0			
7	„ 14	By Insurance				20	4	6			
5	„ „	By F. Haynes	5	10	0				285	0	0
6	„ 17	By J. Reeves							45	0	0
3	„ 18	By J. Smith							1000	0	0
2	„ 21	By Bills Payable, No. 53, due this day							950	0	0
3	„ 26	By S. Nokes	10	0	0				490	0	0
8	„ 28	By Trade Charges, for Repairs of Premises				14	6	8			
7	„ 31	By Salaries of Clerks				30	0	0			
		Balance in hand				117	0	2	1797	8	0
			50	10	0	246	1	4	6677	18	0

entry. These transfers sometimes represent the exact cost incurred, but more frequently a larger amount is charged to the customer than is actually paid.

BILLS (1)

Lgr. Fol.	Number	When Received	Of whom Received.	By whom Drawn.	On whom Drawn.	To whom Payable.
		1867.				
4	1	Jan. 5	W. Brown	Himself	Promy. note	Ourselves
4	2	„ 14	T. Sandford	Himself	Jones & Co.	Ourselves
6	3	„ 17	P. Walsh	Ourselves	Himself	Ourselves

BILLS (1)

Lgr. Fol.	Number.	When Accepted.	By whom Drawn.	Place.	To whom Payable.
		1867.			
3	1	Jan. 2	J. Smith	London	Himself
4	2	„ 4	T. Sandford	Edinburgh	Himself
4	3	„ 10	W. Brown	London	F. Hill
3	4	„ 18	J. Smith	London	Himself

(1) **RECEIVABLE.**

Where Payable.	Date.	Term.	*Due.	Amount. £	s.	d.	How Disposed of.
	1867.						
London	Jan. 5	21 days	Jan. 29	620	0	0	Paid to W. Brown, 10th Jan.
Edinburgh	„ 14	2 months	Mar. 17	150	0	0	
London	„ 17	1 month	Feb. 20	300	0	0	
				1070	0	0	

(1) **PAYABLE.**

On whose Account.	Date.	Term.	*Due.	Amount. £	s.	d.	To whom Paid.
	1867.						
Drawer	Jan. 2	2 months	Mar. 5	715	0	0	
Do.	„ 3	21 days	Jan. 27	100	0	0	Returned by T. Sandford
Do.	„ 10	1 month	Feb. 13	80	0	0	
Do.	„ 18	2 months	Mar. 21	400	0	0	
				1295	0	0	

* The three days which appear in each case beyond the 'Term' are called *days of grace*. Payment cannot be demanded till the last of these three days.

BOUGHT BOOK. (1)

Lgr. Fol.	Date.	From whom Bought.	* No. of Invoice Inwards.	Quantities, &c.	Brandy. £	s.	d.	Wine. £	s.	d.
	1867									
3	Jan. 1	S. Nokes	1	15 hhds. Bdy. at £70	1050	0	0			
3	„ 2	J. Smith	2	10 butts of Sherry at £71 10s.				715	0	0
3	„ 18	Ditto	3	20 do. at £70				1400	0	0
3	„ 26	S. Nokes	4	10 do. at £50				500	0	0
6	„ 28	J. West	5	12 doz. Brdy. at 50s.	30	0	0			
					1080	0	0	2615	0	0

SOLD BOOK. (1)

Lgr. Fol	Date.	To whom Sold.	† No. of Invoice Outwards.	Quantities, &c.	Brandy. £	s.	d.	Wine. £	s.	d.
	1867									
3	Jan. 3	J. Douglas	1	6 butts Shry. at £70				420	0	0
4	„ 5	W. Brown	2	40 galls. Bdy. at 30s.	60	0	0			
4	„ „	Ditto	„	7 butts Shry. at £80				560	0	0
5	„ 12	J. Cooper	3	12 do. at £80				960	0	0
4	„ 14	T. Sandford	4	100 doz. Shry. at 50s.				250	0	0
6	„ 22	J. Reeves	5	5 doz. Sherry at £3				15	0	0
6	„ „	Ditto	„	6 galls. Brdy. at 30s.	9	0	0			
5	„ 29	J. King	6	100 do. at 30s.	150	0	0			
5	„ „	Ditto	„	100 doz. Shry. at 30s.				150	0	0
6	„ „	P. Walsh	7	3 hhds. Brdy. at £75	225	0	0			
6	„ „	Ditto	„	50 doz. Sherry at £2				100	0	0
					444	0	0	2455	0	0

* These Invoices should be carefully preserved and numbered, as above, for purposes of reference.

† The Invoices should be copied, and the copies carefully preserved and numbered, as above, for purposes of reference.

The only transactions comprised in the list on pp. 36–38 which have not fallen into one or other of the foregoing books of account, are the following:—

1867		£	s.	d.
Jan. 3	Insured Shipment of Sherry to J. Douglas with J. Good for £460	8	0	0
„ „	Our Commission on the above Shipment	9	10	0
„ 4	Received consignment of 150 doz. of Claret from T. Sandford, to be sold on his account at 2 per cent. commission on proceeds, invoiced at £2 per doz.	300	0	0
„ 7	Sold to J. Cooper, 100 doz. of Claret, part of T. Sandford's consignment, at £2 10s. per doz.	250	0	0
„ „	Sold to J. Smith, 50 doz. of Claret, remainder of T. Sandford's consignment, at £2 10s. per doz.	125	0	0
„ „	Commission gained by us on the above consignment	7	10	0
„ 8	J. Harvey's acceptance to us, due this day (Bills Receivable, No. 85), returned to us dishonoured	180	0	0
„ 10	Purchased additional Business Premises from W. Brown	700	0	0
„ „	Paid W. Brown, by returning his promissory note. (Bills Receivable, No. 1)	620	0	0
„ 14	Received from T. Sandford, our acceptance to him (Bills Payable, No. 2), cancelled	100	0	0
„ 19	Consigned 20 butts of Sherry to R. Green, to be sold by him on our account and risk	1400	0	0
„ 23	Wrote off balance of J. Harvey's account as a bad debt	90	6	0
„ 25	Received account sales from R. Green, shewing that the Sherry consigned to him realized net	1350	0	0
„ 29	Procured by J. Good the settlement of a total loss of goods, per 'Good Hope,' the sum assured being £460, less brokerage £2	458	0	0
„ 31	Interest due by R. Green to this date (say)	1	2	6
„ „	Interest on amount drawn out by J. Bruce (say)	0	14	2
„ „	Interest on J. Bruce's Capital (say)	35	5	9
„ „	Interest on G. Williams's Capital (say)	12	10	0
„ „	Trade charges paid out of Petty Cash to this date	9	4	0
„ „	Estimated monthly Wear and Tear of Premises	10	0	0
„ „	Stock of Sherry on hand	5074	0	0
„ „	Stock of Brandy on hand	696	4	6

Separate Journal entries are made for each of the foregoing transactions, with the exception of the third, for which there is no entry required in the Journal.

Messrs. Bruce and Williams cannot credit T. Sandford with the invoiced price, as they are liable only for the proceeds, a sum not yet ascertained. They therefore merely record fully the fact of the consignment, but do not make it a matter of account in the Ledger. When they sell part of it, it will be seen that they credit Sandford with the amounts realized; and when they incur charges on account of it, they debit him with the amount of such charges. It is the practice, however, of many merchants, for convenience in making out Account Sales and Accounts current,* to keep a separate account of the consignment, and to transfer only the net proceeds to the credit of the consignor.

The Journal commences with the entry of the assets and liabilities of J. Bruce on 1st January. It contains separate entries for each of the above transactions, and collects the totals for the month of Cash, Bills, Purchases on credit and Sales on credit, from the foregoing books, for entry in the Ledger.

* An Account current is a Dr. and Cr. statement of transactions undertaken on behalf of a correspondent. Where interest, as is usually the case, is charged and allowed, the amount of it is ascertained periodically and the necessary entries made between the 'Interest' account and the personal account of the correspondent.

(1) **JOURNAL.**

Lgr. Fol.	Date.	January, 1867.	Drs. £	s.	d.	Crs. £	s.	d.
1	Jan. 1	Sundries, Dr. to James Bruce (Capital Account)				9954	16	0
		For assets on this date, viz.:—						
2		Cash	1605	11	4			
2		Bills Receivable	709	18	0			
5		J. King, due by him	500	6	8			
6		P. Walsh, „	300	0	0			
1		Wine	5839	0	0			
2		Business Premises	1000	0	0			
1	„ „	James Bruce (Capital Account), Dr. to Sundries	2415	10	0			
		For liabilities on this date, viz.:—						
2		To Bills Payable				1150	0	0
5		To F. Haynes, due to him ..				290	10	0
6		To J. Reeves, „ ..				45	0	0
4		To F. Brook, „ ..				430	0	0
3		To J. Douglas (Aberdeen), due to him				500	0	0
3	„ 3	J. Douglas, Dr. to Sundries	17	10	0			
4		To J. Good, for Insurance on Shipment, per 'Good Hope'				8	0	0
7		To Commission for Commission on ditto.....				9	10	0
		Carried forward ..	12387	16	0	12387	16	0

Lgr. Fol.	Date.	January, 1867 (continued).	Drs. £	s.	d.	Crs. £	s.	d.
		Brought forward ..	12387	16	0	12387	16	0
4	Jan. 7	Sundries, Dr. to T. Sandford ..				375	0	0
5		J. Cooper, for 100 doz. of Claret at £2 10s., consigned by him	250	0	0			
3		J. Smith, for 50 doz. ditto	125	0	0			
4	„ „	T. Sandford ..... Dr.	7	10	0			
7		To Commission ..... For special Commission on proceeds of consignment of Claret.				7	10	0
5	„ 8	J. Harvey ..... Dr.	180	0	0			
2		To Bills Receivable For his acceptance (Bills Receivable, No. 85) returned dishonoured.				180	0	0
2	„ 10	Business Premises ..... Dr.	700	0	0			
4		To W. Brown For additional Premises purchased.				700	0	0
4	„ „	W. Brown ..... Dr.	620	0	0			
2		To Bills Receivable For his promissory note (Bills Receivable, No. 1) cancelled and returned to him in part payment for Premises purchased.				620	0	0
2	„ 14	Bills Payable ..... Dr.	100	0	0			
4		To T. Sandford For our acceptance to him (Bills Payable, No. 2) cancelled and returned by him to us.				100	0	0
		Carried forward ..	14370	6	0	14370	6	0

Lgr. Fol.	Date.	January, 1867 (continued).	Drs. £	s.	d.	Crs. £	s.	d.
		Brought forward ..	14370	6	0	14370	6	0
8	Jan. 19	Consignment of Sherry to R. Green ..... Dr.	1400	0	0			
1		To Wine For 20 butts of Sherry at £70.				1400	0	0
8	„ 23	Bad Debts ..... Dr.	90	6	0			
5		To J. Harvey To balance due by him, written off as a loss.				90	6	0
6	„ 25	R. Green ..... Dr.	1350	0	0			
8		To Consignment to R. Green For amount realized by Consignment, as per Account Sales.				1350	0	0
4	„ 29	J. Good ..... Dr.	458	0	0			
3		To J. Douglas For Assurance on Shipment in 'Good Hope,' totally lost. £460 Less Brokerage .. 2 £458				458	0	0
2	„ 31	Cash ..... Dr.	5318	8	0			
		To Sundries For Cash received this month, as per Cash Book, fol. (1); the individual items having been posted directly to the credit of the accounts in the Ledger to which they refer.				5318	8	0
		Carried forward ..	22987	0	0	22987	0	0

Lgr. Fol.	Date.	January, 1867 (continued).	Drs. £	s.	d.	Crs. £	s.	d.
		Brought forward ..	22987	0	0	22987	0	0
2	Jan. 31	Sundries ..... Dr. To Cash For Cash paid this month, as per Cash Book, fol. (1); the individual items having been posted directly to the debit of the accounts in the Ledger to which they refer.	5009	11	2	5009	11	2
7	,, ,,	Interest and Discount..... Dr. To Sundries For Discount allowed this month, as per Cash Book, fol. (1); the individual items having been posted directly to the credit of the accounts in the Ledger to which they refer.	13	6	8	13	6	8
7	,, ,,	Sundries ..... Dr. To Interest and Discount For Discount received this month, as per Cash Book, fol. (1); the individual items having been posted directly to the debit of the accounts in the Ledger to which they refer.	50	10	0	50	10	0
2	,, ,,	Bills Receivable ..... Dr. To Sundries For Bills received this month, as per Bills Receivable Book, fol. (1); the individual amounts having been posted directly to the credit of the accounts in the Ledger to which they refer.	1070	0	0	1070	0	0
		Carried forward ..	29130	7	10	29130	7	10

Lgr. Fol.	Date.	January, 1867 (continued).	Drs. £	s.	d.	Crs. £	s.	d.
		Brought forward ..	29130	7	10	29130	7	10
2	Jan. 31	Sundries ..... Dr. To Bills Payable For Bills accepted this month, as per Bills Payable Book, fol. (1); the individual amounts having been posted directly to the debit of the accounts in the Ledger to which they refer.	1295	0	0	1295	0	0
1	,, ,,	Brandy ..... Dr. To Sundries For Credit Purchases this month, as per Bought Book, fol. (1); the individual purchases having been posted directly to the credit of the accounts in the Ledger to which they refer.	1080	0	0	1080	0	0
1	,, ,,	Sundries ..... Dr. To Brandy For Credit Sales this month, as per Sold Book, fol. (1); the individual sales having been posted directly to the debit of the accounts in the Ledger to which they refer.	444	0	0	444	0	0
1	,, ,,	Wine ..... Dr. To Sundries For Credit Purchases this month, as per Bought Book, fol. (1); the individual purchases having been posted directly to the credit of the accounts in the Ledger to which they refer.	2615	0	0	2615	0	0
		Carried forward ..	34564	7	10	34564	7	10

Lgr. Fol.	Date.	January, 1867 (continued).	Drs. £	s.	d.	Crs. £	s.	d.
		Brought forward ..	34564	7	10	34564	7	10
	Jan. 31	Sundries ..... Dr.	2455	0	0			
1		To Wine				2455	0	0
		For Credit Sales this month, as per Sold Book, fol. (1); the individual sales having been posted directly to the debit of the accounts in the Ledger to which they refer.						
	,, ,,	Sundries ..... Dr.				1	16	8
7		To Interest, viz.:—						
6		R. Green, due on proceeds of Consignment	1	2	6			
8		J. Bruce (Current Acct.), on account of Capl. withdrawn		14	2			
7	,, ,,	Interest, Dr. to Sundries	47	15	9			
		Viz.:—						
8		To J. Bruce (Current Acct.), on Capital invested				35	5	9
9		To G. Williams (ditto)				12	10	0
8	,, ,,	Trade Charges ..... Dr.	9	4	0			
3		To Petty Cash				9	4	0
		For amount paid, as per Petty Cash Book.						
9	,, ,,	Profit and Loss ..... Dr	10	0	0			
2		To Business Premises				10	0	0
		For month's Wear and Tear.						
		*	37088	4	3	37088	4	3

* All items having been posted in the Ledger up to this point, a Trial Balance (see p. 77) is made out, which must agree with the then totals of the Drs. and Crs.

Lgr. Fol.	Date.	January, 1867 (continued).	Drs. £	Drs. s.	Drs. d.	Crs. £	Crs. s.	Crs. d.
		Brought forward ..	37088	4	3	37088	4	3
9	Jan. 31	Sundries, Dr. to Profit and Loss				579	14	6
1		Wine, for profit thereon	495	0	0			
1		Brandy, ditto	67	14	6			
7		Commission for balance	17	0	0			
9	„ „	Profit and Loss, Dr. to Sundries	267	16	11			
7		To Interest and Discount, for balance				8	15	9
7		To Salaries, ditto.....				75	0	0
7		To Insurance, ditto				20	4	6
8		To Trade Charges, ditto.....				23	10	8
8		To Bad Debts, ditto				90	6	0
8		To Consignment (R. Green), for loss thereon				50	0	0
9	„ „	Profit and Loss, Dr. to Sundries	301	17	7			
8		To J. Bruce (Current Acct.), for share of profit				226	8	2
9		To G. Williams (ditto), ditto				75	9	5
8	„ „	J. Bruce (Current Account).. Dr.	60	19	9			
1		To J. Bruce (Capital Acct.) For balance transferred.				60	19	9
9	„ „	G. Williams (Current Acct.).. Dr.	87	19	5			
1		To G. Williams (Capital Acct.) For balance transferred.				87	19	5
			38386	12	5	38386	12	5

LEDGER.

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We have omitted all notice of *quantities* in the Ledger, but in practice it is often found of importance to enter them as a check upon the amount of goods in hand. This is more particularly the case in businesses where goods are bought and sold in bulk.

Dr. J. BRUCE.

Bk.	Fol.	Date. 1867		£	s.	d.
J	1	Jan. 1	To Sundries	2415	10	0
		„ 31	To Balance, carried down	7600	5	9
				10015	15	9

Dr. G. WILLIAMS.

		Jan. 31	To Balance, carried down	2587	19	5
				2587	19	5

Dr. WINE.

J	1	Jan. 1	To J. Bruce (Capital Account)	5839	0	0
„	5	„ 31	To Sundries	2615	0	0
„	7	„ „	To Profit and Loss, for Balance.....	495	0	0
				8949	0	0
		Feb. 1	To Stock, brought down	5074	0	0

Dr. BRANDY.

J	5	Jan. 31	To Sundries	1080	0	0
„	7	„ „	To Profit and Loss for Balance	67	14	6
				1147	14	6
		Feb. 1	To Stock, brought down	696	4	6

CAPITAL ACCOUNT. Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
J	1	Jan. 1	By Sundries	9954	16	0
„	7	„ 31	By J. Bruce (Current Account)	60	19	9
				10015	15	9
		Feb. 1	By Balance, brought down	7600	5	9

CAPITAL ACCOUNT. Cr.

C	1	Jan. 1	By Cash	2500	0	0
J	7	„ 31	By G. Williams (Current Account)	87	19	5
				2587	19	5
		Feb. 1	By Balance, brought down	2587	19	5

Cr.

C	1	Jan. 7	By Cash	20	0	0
J	3	„ 19	By Consignment to R. Green	1400	0	0
J	6	„ 31	By Sundries	2455	0	0
		„ „	By Stock, carried down	5074	0	0
				8949	0	0

Cr.

C	1	Jan. 21	By Cash	7	10	0
J	5	„ 31	By Sundries	444	0	0
		„ „	By Stock, carried down	696	4	6
				1147	14	6

Dr. **BILLS**

Bk.	Fol.	Date. 1867		£	s.	d.
J	1	Jan. 1	To James Bruce (Capital Account)	709	18	0
„	4	„ 31	To Sundries	1070	0	0
				1779	18	0
		Feb. 1	To Balance, brought down	450	0	0

Dr. **BILLS**

C	1	Jan. 1	To Cash	200	0	0
J	2	„ 14	To T. Sandford	100	0	0
C	1	„ 21	To Cash	950	0	0
		„ 31	To Balance, carried down	1195	0	0
				2445	0	0

Dr. **BUSINESS**

J	1	Jan. 1	To James Bruce (Capital Account)	1000	0	0
„	2	„ 10	To W. Brown	700	0	0
				1700	0	0
		Feb. 1	To Balance, brought down	1690	0	0

Dr. **CASH.**

J	1	Jan. 1	To James Bruce (Capital Account)	1605	11	4
„	3	„ 31	To Sundries	5318	8	0
				6923	19	4
		Feb. 1	To Balance, brought down	1914	8	2

RECEIVABLE. Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
C	1	Jan. 1	By Cash	198	0	0
„	1	„ „	By Discount	2	0	0
J	2	„ 8	By J. Harvey	180	0	0
„	2	„ 10	By W. Brown	620	0	0
C	1	„ 19	By Cash	329	18	0
		„ 31	By Balance, carried down	450	0	0
				1779	18	0

PAYABLE. Cr.

J	1	Jan. 1	By James Bruce (Capital Account)	1150	0	0
„	5	„ 31	By Sundries	1295	0	0
				2445	0	0
		Feb. 1	By Balance, brought down	1195	0	0

PREMISES. Cr.

J	6	Jan. 31	By Profit and Loss	10	0	0
		„ „	By Balance, carried down	1690	0	0
				1700	0	0

Cr.

J	4	Jan. 31	By Sundries	5009	11	2
		„ „	By Balance, carried down	1914	8	2
				6923	19	4

Dr. **PETTY**

Bk.	Fol.	Date. 1867		£	s.	d.
C	1	Jan. 1	To Cash	10	0	0
				10	0	0
		Feb. 1	To Balance, brought down	0	16	0

Dr. **S.**

C	1	Jan. 5	To Cash	1025	0	0
„	1	„ „	To Discount	25	0	0
„	1	„ 26	To Cash	490	0	0
„	1	„ „	To Discount	10	0	0
				1550	0	0

Dr. **J.**

P	1	Jan. 2	To Bills Payable	715	0	0
J	2	„ 7	To T. Sandford	125	0	0
C	1	„ 18	To Cash	1000	0	0
P	1	„ 18	To Bills Payable	400	0	0
				2240	0	0
		Feb. 1	To Balance, brought down	125	0	0

Dr. **J.**

J	1	Jan. 3	To Sundries	17	10	0
S	1	„ „	To Wine	420	0	0
C	1	„ „	To Cash	7	4	0
		„ 31	To Balance, carried down	513	6	0
				958	0	0

CASH. Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
J	6	Jan. 31	By Trade Charges	9	4	0
		„ „	By Balance, carried down	0	16	0
				10	0	0

NOKES. Cr.

B	1	Jan. 1	By Brandy	1050	0	0
„	1	„ 26	By Wine.....	500	0	0
				1550	0	0

SMITH. Cr.

B	1	Jan. 2	By Wine.....	715	0	0
„	1	„ 18	By ditto	1400	0	0
		„ 31	By Balance, carried down	125	0	0
				2240	0	0

DOUGLAS. Cr.

J	1	Jan. 1	By James Bruce (Capital Account)	500	0	0
„	3	„ 29	By J. Good.....	458	0	0
				958	0	0
		Feb. 1	By Balance, brought down.....	513	6	0

Dr. **J.**

Bk.	Fol.	Date. 1867		£	s.	d.
J	3	Jan. 29	To J. Douglas	458	0	0
				458	0	0

Dr. **F.**

C	1	Jan. 3	To Cash	420	0	0
„	1	„ „	To Discount	10	0	0
				430	0	0

Dr. **T.**

C	1	Jan. 4	To Cash	2	0	0
P	1	„ 4	To Bills Payable	100	0	0
J	2	„ 7	To Commission	7	10	0
C	1	„ 8	To Cash	265	10	0
S	1	„ 14	To Wine	250	0	0
				625	0	0

Dr. **W.**

S	1	Jan. 5	To Brandy	60	0	0
„	1	„ „	To Wine	560	0	0
J	2	„ 10	To Bills Receivable	620	0	0
P	1	„ 10	To Bills Payable	80	0	0
				1320	0	0

GOOD. **Cr.**

Bk.	Fol.	Date. 1867		£	s.	d.
J	1	Jan. 3	By J. Douglas	8	0	0
C	1	„ 31	By Cash	450	0	0
				458	0	0

BROOK. **Cr.**

J	1	Jan. 1	By James Bruce (Capital Account)	430	0	0
				430	0	0

SANDFORD. **Cr.**

J	2	Jan. 7	By Sundries	375	0	0
„	2	„ 14	By Bills Payable	100	0	0
R	1	„ „	By Bills Receivable	150	0	0
				625	0	0

BROWN. **Cr.**

R	1	Jan. 5	By Bills Receivable	620	0	0
J	2	„ 10	By Business Premises	700	0	0
				1320	0	0

Dr. **J.**

Bk.	Fol.	Date. 1867		£	s.	d.
J	2	Jan. 7	To T. Sandford	250	0	0
S	1	„ 12	To Wine	960	0	0
				1210	0	0

Dr. **J.**

J	2	Jan. 8	To Bills Receivable	180	0	0
C	1	„ „	To Cash	0	6	0
				180	6	0

Dr. **F.**

C	1	Jan. 14	To Cash	285	0	0
„	1	„ „	To Discount	5	10	0
				290	10	0

Dr. **J.**

J	1	Jan. 1	To James Bruce (Capital Account)	500	6	8
S	1	„ 29	To Brandy	150	0	0
„	1	„ „	To Wine	150	0	0
				800	6	8
		Feb. 1	To Balance, brought down	300	0	0

COOPER. Cr.

Bk	Fol.	Date. 1867		£	s.	d.
C	1	Jan. 14	By Cash	960	0	0
„	1	„ 16	By ditto	250	0	0
				1210	0	0

HARVEY. Cr.

J	3	Jan. 23	By Bad Debts.....	90	6	0
C	1	„ „	By Cash	90	0	0
				180	6	0

HAYNES. Cr.

J	1	Jan. 1	By James Bruce (Capital Account).....	290	10	0
				290	10	0

KING. Cr.

C	1	Jan. 16	By Cash	490	0	0
„	1	„ „	By Discount	10	6	8
		„ 31	By Balance, carried down	300	0	0
				800	6	8

Dr. J.

Bk.	Fol.	Date. 1867		£	s.	d.
C	1	Jan. 17	To Cash	45	0	0
S	1	„ 22	To Wine	15	0	0
„	1	„ „	To Brandy	9	0	0
				69	0	0

Dr. P.

J	1	Jan. 1	To James Bruce (Capital Account)	300	0	0
S	1	„ 29	To Brandy	225	0	0
„	1	„ „	To Wine	100	0	0
				625	0	0
		Feb. 1	To Balance, brought down	325	0	0

Dr. R.

J	3	Jan. 25	To Consignment to R. Green	1350	0	0
„	6	„ 31	To Interest	1	2	6
				1351	2	6
		Feb. 1	To Balance, brought down	1351	2	6

Dr. J.

		Jan. 31	To Balance, carried down	30	0	0

REEVES. Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
J	1	Jan. 1	By James Bruce (Capital Account).....	45	0	0
C	1	„ 24	By Cash	23	0	0
„	1	„ „	By Discount	1	0	0
				69	0	0

WALSH. Cr.

R	1	Jan. 17	By Bills Receivable.....	300	0	0
		„ 31	By Balance, carried down	325	0	0
				625	0	0

GREEN. Cr.

		Jan. 31	By Balance, carried down	1351	2	6
				1351	2	6

WEST. Cr.

B	1	Jan. 28	By Brandy	30	0	0
		Feb. 1	By Balance, brought down.....	30	0	0

Dr. INTEREST AND

Bk.	Fol.	Date. 1867		£	s.	d.
J	4	Jan. 31	To Sundries	13	6	8
„	6	„ „	To ditto	47	15	9
				61	2	5

Dr. COMMISSION.

J	7	Jan. 31	To Profit and Loss, balance transferred ..	17	0	0
				17	0	0

Dr. SALARIES.

C	1	Jan. 12	To Cash	45	0	0
„	1	„ 31	To ditto	30	0	0
				75	0	0

Dr. INSURANCE.

C	1	Jan. 14	To Cash	20	4	6

DISCOUNT.

Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
J	4	Jan. 31	By Sundries	50	10	0
„	6	„ „	By ditto	1	16	8
„	7	„ „	By Profit and Loss, balance transferred ..	8	15	9
				61	2	5

Cr.

J	1	Jan. 3	By J. Douglas.....	9	10	0
„	2	„ 7	By T. Sandford	7	10	0
				17	0	0

Cr.

J	7	Jan. 31	By Profit and Loss, balance transferred ..	75	0	0
				75	0	0

Cr.

J	7	Jan. 31	By Profit and Loss, balance transferred ..	20	4	6

Dr. TRADE

Bk.	Fol.	Date. 1867		£	s.	d.
C	1	Jan. 28	To Cash	14	6	8
J	6	„ 31	To Petty Cash	9	4	0
				23	10	8

Dr. BAD

J	3	Jan. 23	To J. Harvey	90	6	0

Dr. CONSIGNMENT TO

J	3	Jan. 19	To Wine	1400	0	0
				1400	0	0

Dr. J. BRUCE,

C	1	Jan. 7	To Cash	200	0	0
J	6	„ 31	To Interest	0	14	2
„	7	„ „	To J. Bruce (Capital Account)	60	19	9
				261	13	11

CHARGES. Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
J	7	Jan. 31	By Profit and Loss, balance transferred ..	23	10	8
				23	10	8

DEBTS. Cr.

J	7	Jan. 31	By Profit and Loss, balance transferred ..	90	6	0

R. GREEN. Cr.

J	3	Jan. 25	By R. Green	1350	0	0
J	7	„ 31	By Profit and Loss, for Loss on this consignment.....	50	0	0
				1400	0	0

CURRENT ACCOUNT. Cr.

J	6	Jan. 31	By Interest.....	35	5	9
„	7	„ „	By Profit and Loss	226	8	2
				261	13	11

Dr. G. WILLIAMS,

Bk.	Fol.	Date. 1867		£	s.	d.
J	7	Jan. 31	To G. Williams (Capital Account)..	87	19	5
				87	19	5

Dr. * PROFIT

J	6	Jan. 31	To Business Premises..	10	0	0
,,	7	,, ,,	To Interest and Discount	8	15	9
,,	,,	,, ,,	To Salaries	75	0	0
,,	,,	,, ,,	To Insurance	20	4	6
,,	,,	,, ,,	To Trade Charges	23	10	8
,,	,,	,, ,,	To Bad Debts..	90	6	0
,,	,,	,, ,,	To Consignment to R. Green	50	0	0
			To Balance, divisible thus, viz.:—			
,,	,,		J. Bruce, three quarters .. £226 8 2			
,,	,,		G. Williams, one quarter .. 75 9 5			
				301	17	7
				579	14	6

* In posting above the Journal entries, 'Sundries Dr. to Profit and Loss' and 'Profit and Loss Dr. to Sundries' (J. p. 7), we have stated the amount of each account separately, in-

CURRENT ACCOUNT. Cr.

Bk.	Fol.	Date. 1867		£	s.	d.
J	6	Jan. 31	By Interest	12	10	0
,,	7	,, ,,	By Profit and Loss	75	9	5
				87	19	5

AND LOSS. Cr.

J	7	Jan. 31	By Wine	495	0	0
,,	,,	,, ,,	By Brandy	67	14	6
,,	,,	,, ,,	By Commission	17	0	0
				579	14	6

stead of under 'Sundries,' in order that the composition of this account may appear on the face of the Ledger.

PRIVATE LEDGER.

It will be observed that two separate accounts are opened in the Ledger for each partner. The 'Current Account' shews in detail all sums withdrawn, and all entries in respect of interest on capital and drawings, or profit or loss accruing, during the period to the close of which the books are balanced. By this means the 'Capital Account' is kept clear of details, and exhibits in a compendious form the progress and state of the Capital during the same period.

These 'Current' and 'Capital' accounts, and also the 'Profit and Loss' accounts, are frequently kept in a separate book accessible only to the proprietor of the concern, so that he alone has cognizance of the results of his operations, and the condition of his affairs. When this is done it is convenient to open in the General Ledger an account under the title of 'Private Ledger,' and to post into it without distinction all transactions coming under any head of account kept in the Private Ledger. By means of this account the general books are balanced, without recourse being had to the Private Ledger. In the Private Ledger one account is opened for all the transfers from the General Ledger, and the various items of which this account is composed are there analysed and distributed under their proper heads, after which the general account of 'Profit and Loss' is made up, the 'Current' and 'Capital' accounts adjusted, and the Private Ledger balanced.

TRIAL BALANCE.

Fol.		Drs. £	s.	d.	Crs. £	s.	d.
1	J. Bruce (Capital Account)	2415	10	0	9954	16	0
„	G. Williams (ditto)				2500	0	0
„	Wine	8454	0	0	3875	0	0
„	Brandy	1080	0	0	451	10	0
2	Bills Receivable	1779	18	0	1329	18	0
„	Bills Payable	1250	0	0	2445	0	0
„	Business Premises	1700	0	0	10	0	0
„	Cash	6923	19	4	5009	11	2
3	Petty Cash	10	0	0	9	4	0
„	S. Nokes	1550	0	0	1550	0	0
„	J. Smith	2240	0	0	2115	0	0
„	J. Douglas	444	14	0	958	0	0
4	J. Good	458	0	0	458	0	0
„	F. Brook	430	0	0	430	0	0
„	T. Sandford	625	0	0	625	0	0
„	W. Brown	1320	0	0	1320	0	0
5	J. Cooper	1210	0	0	1210	0	0
„	J. Harvey	180	6	0	180	6	0
„	F. Haynes	290	10	0	290	10	0
„	J. King	800	6	8	500	6	8
6	J. Reeves	69	0	0	69	0	0
„	P. Walsh	625	0	0	300	0	0
„	R. Green	1351	2	6			
„	J. West				30	0	0
7	Interest and Discount	61	2	5	52	6	8
„	Commission				17	0	0
„	Salaries	75	0	0			
„	Insurance	20	4	6			
8	Trade Charges	23	10	8			
„	Bad Debts	90	6	0			
„	Consignment to R. Green	1400	0	0	1350	0	0
„	J. Bruce (Current Account)	200	14	2	35	5	9
9	G. Williams (ditto)				12	10	0
„	Profit and Loss	10	0	0			
		37088	4	3	37088	4	3

BALANCE

Dr. *Balance Sheet of* JAMES BRUCE AND

LIABILITIES.	£	s.	d.	£	s.	d.
To Sundry Creditors, viz.:—						
On Bills Payable	1195	0	0			
On Open Accounts, as under:—						
J. Douglas..... £513 6 0						
J. West..... 30 0 0						
	543	6	0			
				1738	6	0
To Capital Accounts, viz.:—						
To J. Bruce.....	7600	5	9			
To G. Williams	2587	19	5			
				10188	5	2
				11926	11	2

SHEET.

G. WILLIAMS, *on 31st January*, 1867. **Cr.**

ASSETS.	£	s.	d.	£	s.	d.
By Cash in hand, viz.:—						
At Union Bank	1797	8	0			
At Office	117	0	2			
Petty Cash	0	16	0			
				1915	4	2
By Sundry Debtors, viz.:—						
On Bills Receivable	450	0	0			
On Open Accounts, as under:—						
J. Smith £125 0 0						
J. King 300 0 0						
P. Walsh 325 0 0						
R. Green 1351 2 6						
	2101	2	6			
				2551	2	6
By Stock in hand, viz.:—						
Wine	5074	0	0			
Brandy	696	4	6			
				5770	4	6
By Business Premises, valued at ..				1690	0	0
				11926	11	2

(1) Forms of Bills of Exchange. (See p. 36.)

£715 : 0 : 0 — *London, 2nd January, 1867.*

Two months after date pay to my order the sum of seven hundred and fifteen pounds for value received.

To Messrs. Bruce & Williams, London.

J. Smith.

ACCEPTED
Payable at the Union Bank
Bruce & Williams.

[No. 1 is drawn by J. Smith and accepted by Messrs. Bruce and Williams. Relatively to Bruce and Williams it is a 'Bill Payable,' to J. Smith it is a 'Bill Receivable.']

(2)

£620 : 0 : 0 *London, 5th January,* 1867.

Twenty-one days after date I promise to pay to Messrs. Bruce & Williams or to their order the sum of six hundred and twenty pounds for value received.

W. Brown.

[No 2 being a promise on the part of W. Brown to pay £620 to Messrs. Bruce and Williams, is to Bruce and Williams a 'Bill Receivable,' and to W. Brown a 'Bill Payable.']

APPENDIX B.

PUBLIC ACCOUNTS.

SOME further elucidation of the application of the system of Double Entry to public accounts than is given at pp. 31, 32 having been desired, it is proposed in the present chapter to trace so much of the course and treatment of public moneys as is necessary for that purpose.

It is not within the scope of an elementary treatise, even if it were practicable, to describe the multifarious channels through which the public income and expenditure flow, and the many checks and counterchecks which are necessary to provide against error and fraud in the collection and distribution of public moneys. Nor do we propose to treat of the control exercised by the Treasury over the receipt and expenditure of the public revenue, and the examination applied by the Department for Auditing Public Accounts. These points, however important, concern rather the financier than the student of book-keeping. What is intended, is to afford practical explanation for the information and use of persons engaged, or seeking to be engaged, in the keeping of this class of accounts.

We have already stated at page 32, that 'no accounts are kept to exhibit the value of the national assets.' Such accounts of assets as Manufacturing and Store Departments have to keep are *supplementary* only, and do not form part of the national balance-sheet.

The Revenue of the country, collected by the various officers of the Revenue Departments, passes through the receivers of these Departments into Her Majesty's Exchequer, and forms a fund called the 'Consolidated Fund.' Out of this fund, with few and unimportant exceptions, all issues of money on account of the public service are made.

The public expenditure, which is conducted by a large number of separate Departments*, belongs to two classes; the one, consisting of permanent specific charges authorized by Act of Parliament, called 'Consolidated Fund Charges;' the other, of charges approved by special votes of the House of Commons, called 'Voted Services.' The 'Consolidated Fund Charges' consist, principally, of the interest of the Funded Debt, and of certain fixed salaries and allowances. The 'Voted Services' provide for the maintenance of the army and navy, the collection of the revenue, and all the miscellaneous expenditure of the country.

The revenue for each year is adjusted with the view of meeting the estimated expenditure for each year. The actual receipts constitute the income, the actual payments constitute the expenditure. The annual balance-sheet of the country, therefore, becomes a gigantic cash account of revenue received under the various heads, and of its appropriation to the various services of the country.

The records of Her Majesty's Exchequer show the amounts paid in under the various heads of revenue, and the issues thereout on account of the various heads of expenditure; and a balance-sheet made out from these

* These Departments are hereafter designated, for sake of brevity, 'Expending Departments.'

data is of great value, and can be readily produced. But such an account can only be an approximation; for the revenue, after collection, necessarily takes time to find its way into the Exchequer, and the issues from the Exchequer are only advances to meet expenditure, and do not of themselves constitute final charges.

The Paymaster-General acts as the paymaster of the State. His records show the payments actually made by him, on the authority of the Expending Departments, on account of the various heads of service. But, inasmuch as his payments are necessarily in arrear of the orders issued upon him, and as many of these are merely advances to Sub-Accountants*, any account which he can furnish of the national expenditure, although closer than that procurable from the Exchequer records, is also only an approximation. The material for a final balance-sheet must necessarily be obtained from the various Departments in which the revenue is collected, and in which the expenditure on account of the public service is conducted. The national balance-sheet is thus a distributive consolidation of the balance-sheets of all these various Departments. In the records of these Departments, therefore, uniformity becomes essential, inasmuch as all items of revenue on the one hand, and of expenditure on the other, are component parts of the national balance-sheet. These records we shall now proceed to consider so far as is necessary for our purpose.

The whole income of the country is paid into Her Majesty's Exchequer, and, so far as its collection and receipt are concerned, there is no operation for the

* A Sub-Accountant is a public officer who has to render accounts of the appropriation of moneys intrusted to him for special objects.

treatment of which a parallel cannot readily be found in the examples already given.

As regards public expenditure, however, although the intelligent student will understand that each person or Department who makes a payment on account of services rendered to the public must be credited with the amount of it, and that the particular head of service for which the payment was made must be debited, yet he may not be able to see clearly how the entries should be made as between Her Majesty's Exchequer from which the money comes and the various services to which it is applied. We shall endeavour to explain this as briefly as possible.

All issues on account of the public service are made from Her Majesty's Exchequer under specific Parliamentary sanction. The objects and amounts of the 'Consolidated Fund Services' are fixed by permanent statutes. The annual charges for 'Voted Services' are submitted to the House of Commons in detailed estimates prepared by the various Expending Departments, each head of service being divided into a number of sub-heads. These estimates, except so far as they relate to special and non-recurring objects, are, or ought to be, prepared and considered with reference to the actual expenditure under each of the sub-heads during the past year, due allowance being made for any anticipated variation in the ensuing year. It becomes of the highest importance, therefore, that the same *form* of estimate should, as far as possible, be observed from year to year. The objects and amounts of these services are decided by votes of the House of Commons in Committee of Supply, and these votes receive full legislative sanction by being embodied annually in an Act of Parliament called the 'Appropriation Act.'

This Act defines the object of each vote, and the amount appropriated to 'defray the charges which will come in course of payment during the year.' Her Majesty's Exchequer, acting under an order from the Crown to whom the supplies are voted, makes issues from time to time on account of these services, never of course exceeding the total amount which Parliament has appropriated to each; and the Expending Departments are restricted by the Appropriation Act from applying the grant of a year to any other purpose than *to meet the payments to be made during the year*. The balance of any grant remaining unexpended at the close of a year must be surrendered to the Exchequer as a saving.

The Expending Department is further required to record its expenditure under the sub-heads of each grant, none of which may be exceeded except with the express sanction of the Treasury. If the total grant of a year from unforeseen causes has to be exceeded, such excess forms the subject of a special supplemental Vote of Parliament, and temporary provision for it is made by the Treasury out of a fund placed at their disposal for such purpose.

No money received by an Expending Department, from sales of old stores and such like, may be used in aid of the Vote. They form part of the national income (p. 83), and are paid into the Exchequer under the general head of 'Extra Receipts on Votes of Parliament.'

In the records of the Expending Departments an account is opened each year, under each separate head of service, for Her Majesty's Exchequer, from which the supplies flow. This account is debited and a 'general account' for each service is credited with the amount

which Parliament has assigned to it for the year. Even if there were any advantage to be derived from such a course, the balance* at the Exchequer would not admit of the sums appropriated by Parliament to each service being withdrawn at the commencement of each year and handed over to the Expending Department. The Exchequer is only called upon to make issues for each service as the money is actually required to meet payments on account of it. These issues are not made directly to the Expending Departments, but to the Paymaster-General, who acts as their banker. For the amount of these issues, reported each month to the Expending Department by the Paymaster-General, the account of 'Her Majesty's Exchequer' is credited, and an account opened for 'Her Majesty's Paymaster-General' is debited.

The Expending Departments instruct the Paymaster-General to make payments on account of various services and issue orders upon him for this purpose in favour of the several payees. These payments consist of two classes, technically called 'final payments' and 'imprests:' final payments being those made to the persons entitled to receive and keep the money, and imprests being advances or issues to Sub-Accountants. Sometimes the payees, more especially if they reside out of the country, acting under the instructions of the Expending Departments, draw bills upon these Departments which are payable by the Paymaster-General. These, when accepted, are treated in the books of the Departments as 'Bills Payable.' (See pp. 9, 10.)

* When the balance at the Exchequer is insufficient to meet the current expenditure of the country it is supplemented by money raised by means of Exchequer Bills. These Exchequer Bills constitute the 'Unfunded Debt.'

As soon as the orders for payment are issued on the Paymaster-General, those representing final payments are debited to the various sub-heads of service to which they refer (for all of these sub-heads separate accounts have to be opened in the ledger), and the imprests are debited to the personal accounts of the Sub-Accountants to whom they are made. But as these orders may not be cashed by the Paymaster-General for some time after issue, it is clear that he cannot at once be credited with the payment of them. An intermediate account therefore is opened under the title of 'Orders Payable,' which is credited with the amount of all orders drawn upon the Paymaster-General. The account of the Paymaster-General is credited and 'Orders Payable' debited with the amount of orders actually paid by the Paymaster-General. To put the Expending Department in possession of this information the Paymaster-General furnishes monthly a detailed list of the orders paid by him under each service. The balance of the 'Orders Payable' account thus shows the amount of 'Outstanding Orders,' that is, the orders which the Paymaster-General has been instructed to pay, but which have not been presented for payment. If any order after issue is for any reason cancelled instead of being paid, the sub-head of service debited with its issue is credited, and 'Orders Payable' is debited.

We have seen that Sub-Accountants are debited with the issues made to them by the Paymaster-General. They are also debited with any items of revenue which may be received by them, and the heads of revenue affected by the receipt are credited. Sub-Accountants are credited and the proper sub-heads of service are

debited with the final payments which the accounts rendered by them periodically show that they have properly expended under the instructions of the Department. They are also credited and the Paymaster-General debited with sums which they remit to him on account of their Department. Advances or imprests may pass through the hands of many Sub-Accountants before they are finally expended. In such cases the account of the Sub-Accountant who makes the transfer is credited with the amount of it, and that of the Sub-Accountant to whom it is made is debited.

At the close of each year, the 'General Account' of each service is debited with the amount of the net expenditure appearing under each of the sub-heads, and each of these sub-heads is credited with the amount so transferred. The account for 'Her Majesty's Exchequer' is credited and the 'General Account' for that year is debited with the amount of the saving (if any) on the grant when surrendered to Her Majesty's Exchequer (p. 85).

It frequently happens, more especially when several separate services are under the control of one Expending Department, that payments are made by Sub-Accountants on account of one service out of sums imprested to them from another. In such cases the amount expended by the Sub-Accountant, after due examination, is debited to the proper service, and he is credited. The cash accounts of the services are adjusted by instructing the Paymaster-General to transfer the amount from the service on account of which it was paid to the service out of which the advance to the Sub-Accountant was made. Or they may be adjusted by authorizing the Paymaster-General to reimburse to the Sub-Accountant the amount he has

expended out of the service to which the expenditure referred, thereby reinstating his balance under the other head of service.

Thus under these and many other circumstances adjustments of account may arise from other causes than error. These adjustments, or 'adjusting entries' as they are usually called, are frequently somewhat perplexing to the book-keeper, but they offer no real difficulty if he always clearly sets before him the fundamental principle of keeping accounts laid down at p. 1, 'that they shall be *complete* records of facts, and of *facts* only.'

It is no doubt the case, owing to the vast number and the uniform character of the details of income and expenditure, that the keeping of public accounts necessitates a large amount of mechanical and monotonous labour. But even this labour will be better performed if the persons charged with it understand the principles which govern their work, and so have an intelligent apprehension of the part which they are taking in the evolution of the results required for the formation of their Departmental balance-sheet, and the relation which that balance-sheet bears to the production of the grand final results which compose the general balance-sheet of the nation.

From the foregoing sketch of the course and treatment of public moneys, it will be seen that the transactions occurring in public accounts find their exact parallels in a merchant's 'Profit and Loss' account, in so far as that account records income received and its appropriation; and that the system of Double Entry is not only applicable to public accounts, but that without it no complete record can be effected, nor due security against error obtained.

In the case of Commercial accounts the importance of having the books closely entered up is not likely to be lost sight of, because the persons who manage the undertakings have a direct pecuniary interest in them. But in the case of public accounts, from the absence of any such interest, this practice is much less likely to be attended to, although it is equally important. For it not only enables the Accountant to furnish with ease and despatch accurate statements, brought down to the most recent date, of any branch of administration embraced in the accounts, but it also acts as a powerful check against the commission of fraud by securing its speedy detection.

Though on a smaller scale, the course of all moneys raised by local taxation, such as county and borough rates, is necessarily similar in its broad features to that already traced of public moneys; and the application of the system of Double Entry to this class of accounts may therefore be gathered from the illustrations already given.

APPENDIX C.

EXERCISES IN BOOK-KEEPING,

SET BY THE AUTHORS ON VARIOUS OCCASIONS.

ONE of the following sets of exercises being given to the pupil, he should be required to record the double effect of each individual transaction in the Ledger, as explained in the text, pp. 5–25. When he is able readily to assign any transaction to its proper heads of account, he should then treat the exercises in the more formal manner shown in Appendix A.

No. I.

On the 1st of January, 1858, Andrew Freeport began to trade with a Capital of £2000, consisting of—

Cash		£1000
Bills Receivable—		
Due 30th of March	£200	
„ 28th of January	100	—300
Wine		700
Total		£2000

1858		£	s.	d.
Jan. 4	Sold to John Falstaff a butt of Wine	150	0	0
„ 9	Sold to William Honeycomb 3 pipes of Wine	260	0	0
„ „	Received from William Honeycomb his acceptance, due 31st instant	250	0	0
	Abatement allowed (off sale of Wine to him)	10	0	0
„ 11	Bought of Dombey and Son 50 pipes of Wine	1000	0	0
„ 12	Paid in Cash to Dombey and Son	350	0	0
„ 14	Bought of James Thomson a cargo of Staves	550	0	0
„ 17	Sold to Dombey and Son the above cargo of Staves	600	0	0
„ 18	Accepted James Thomson's draft, payable 7 days after sight, due 28th instant	550	0	0

1858		£	s.	d.
Jan. 19	Sold to Philip Sidney 4 pipes of Wine	280	0	0
„ 20	Sold to John Dryden 6 pipes of Wine	400	0	0
„ 21	Received of Philip Sidney his acceptance due 28th February	280	0	0
„ „	Discounted William Honeycomb's acceptance for £250, due the 31st instant; received Cash	242	10	0
	Allowed Discount	7	10	0
„ 22	Bought of Dombey and Son 20 pipes of Wine	340	0	0
„ „	Accepted Dombey and Son's draft, due 25th March	200	0	0
	Paid to them Cash	100	0	0
„ 23	Received from John Dryden, Cash on account	220	0	0
„ 24	Sold to Alexander Pope 2 pipes of Wine ...	120	0	0
„ „	Bought of William Paley 60 pipes of Wine ..	1200	0	0
„ 28	Received Cash for Bill Receivable, on hand 1st January, due this day	100	0	0
„ „	Paid Cash, acceptance in favour of James Thomson, due this day	550	0	0
„ 29	Received Cash of Alexander Pope	40	0	0
„ „	Sold to H. Bardolph 10 pipes of Wine	450	0	0
„ 30	Received of H. Bardolph, Cash on account ..	200	0	0
„ „	Bought, and paid for the same in Cash, 15 pipes of Wine	600	0	0
„ „	Paid Cash, Rent of Counting-house	7	0	0
„ „	Ditto, Clerk's Salary	10	0	0
„ 31	Interest on Capital accrued to this date: one month at 5 per cent. per annum on £2000	8	6	8
„ „	Drew out Cash for private purposes	100	0	0
„ „	Stock of Wine on hand at this date	2500	0	0

No. II.

On the 1st of January, 1859, Henry Grey commenced business with a Capital of £2000, which consisted of—

Cash		£1000
Bills Receivable—		
Due 20th of January	£100	
„ 4th of May	150	—250
Iron		750
Total		£2000

1859		£	s.	d.
Jan. 10	Purchased of Vulcan and Co., Iron	2000	0	0
„ 12	Purchased of Cyclops and Co., do.	450	0	0

1859		£	s.	d.
Jan. 12	Sold to Mars and Co., Iron	3000	0	0
,, ,,	Received of Mars and Co. their acceptance, due 4th April	1000	0	0
	And Cash	1500	0	0
,, 13	Discounted with John Gride, Mars and Co's. acceptance, due 4th April, for	1000	0	0
,, ,,	Received from John Gride, Cash	990	0	0
	And allowed Discount to him	10	0	0
,, 14	Accepted Vulcan and Co's. draft, due 4th May	2000	0	0
,, 15	Purchased of Vulcan and Co., Iron	800	0	0
,, 16	Paid Cash to Vulcan and Co., in settlement of the foregoing purchase	770	0	0
	On being allowed by them an abatement of	30	0	0
,, ,,	Accepted Cyclops and Co's. draft, due 30th instant, in part payment of Iron purchased of them	200	0	0
,, ,,	Cash paid to Cyclops and Co.	250	0	0
,, 17	Cash paid for 2 weeks' Wages to Labourers	30	0	0
,, ,,	Cash paid, freight on account of Iron	140	0	0
,, ,,	Cash paid, Clerks' Salaries	20	0	0
,, 18	Cash received of Mars and Co., they having failed, 10s. in the £ in discharge of balance of £500 due from them	250	0	0
,, ,,	Write off loss by Mars and Co.	250	0	0
,, ,,	Cash lent to John Minus at 5 per cent. interest	1000	0	0
,, 19	Cash paid for horse-keep	15	0	0
,, 20	Sold to Bellona, Iron	650	0	0
,, ,,	Sold to Argus, Iron	380	0	0
,, ,,	Received from Bellona, her acceptance, due 31st instant	650	0	0
,, ,,	Received Cash for Bill Receivable, due this day	100	0	0
,, 21	Cash paid for Petty Cash disbursements, to be accounted for	20	0	0
,, 22	Bought of Tubal Cain, Iron	780	0	0
,, 23	Sold to Mercury, Iron	600	0	0
,, 30	Cash paid, acceptance in favour of Cyclops and Co., due this day	200	0	0
,, 31	Charge John Minus with interest of loan of £1000 to this day	2	1	8
,, ,,	Interest on Capital, one month, on £2000	8	6	8
,, ,,	Rent of Counting-house, due to John Nokes	15	0	0
,, ,,	Drew out Cash on private account of H. Grey	300	0	0
,, ,,	Cash paid, two weeks' wages to Labourers	30	0	0
,, ,,	Stock of Iron on hand at this date	850	0	0

No. III.

On the 1st of January, 1860, George Wood, corn merchant, ascertained the state of his affairs to be as follows:—

His Assets consisted of—

Balance at the Bank of England		£300
Cash in the house		100
W. Smith's acceptance, due 23rd of May	£200	
J. Francis' acceptance, due 1st of April	100	300
Balance due to him by A. Tod		500
Stock of Wheat		1500
Stock of Flour		500

On the other hand he owed to R. Smith for Cash lent at 5 per cent. interest 700
T. Jones for Wheat 500
Acceptance payable at the Bank of England, due 14th of January 400
Ditto, ditto, 10th of April 200

1860		£	s.	d.
Jan. 10	Purchased of W. Thompson 500 quarters of Barley at 40s.	1000	0	0
„ „	Accepted W. Thompson's draft, in payment of Barley, at three months' date, for	1000	0	0
„ 12	Sold to J. Howard 200 quarters of Wheat at 64s.	640	0	0
„ 13	Received Cash from A. Tod on account of debt due by him	250	0	0
„ „	Purchased of T. Mills 300 sacks of Flour at 50s.	750	0	0
„ „	Paid Cash into Bank of England	300	0	0
„ 14	Paid by the Bank of England my acceptance due this day	400	0	0
„ 15	Purchased of H. Bacon, on joint account with J. Thomas, 250 barrels of American Flour at 40s.	500	0	0
„ 19	Received Cash of J. Howard, and paid into Bank of England	624	0	0
„ „	Allowed Discount to J. Howard, 2½ per cent. on £640	16	0	0
„ 22	Received Cash of J. Thomas, his moiety of cost of American Flour	250	0	0
„ „	Paid Cash into Bank of England	250	0	0
„ 23	Sold to H. Bacon 300 quarters of Barley at 42s. 6d.	637	10	0
„ „	Paid Cash for Wharf Rent and charges on Barley	17	6	8

1860		£	s.	d.
Jan. 23	Discounted with Bank of England W. Smith's acceptance for £200 0 0 Net proceeds of Bill ..... £197 13 4 Discount charged..... 2 6 8	200	0	0
„ 24	Sold to H. Nilus 150 quarters of Barley at 50s.	375	0	0
„ „	Sold to H. Bradley 250 barrels of American Flour, on joint account with J. Thomas, at 45s.	562	10	0
„ „	Received Cash from H. Bacon, balance due from him	137	10	0
„ 25	Sold to John Baker 400 sacks of Flour, at 48s.	960	0	0
„ „	Received Cash of John Baker on account of same	700	0	0
„ 26	Paid Cash into Bank of England	720	0	0
„ „	Paid to T. Mills by cheque on Bank of England.....	740	12	6
„ „	Discount allowed by T. Mills, 1¼ per cent. on £750.....	9	7	6
„ „	Cash taken for private expenditure	50	0	0
„ „	Paid Cash for charge on Flour bought on joint account with J. Thomas	6	15	0
„ 31	Cash paid to R. Hobbs for one month's Salary as Clerk.....	12	10	0
„ „	One month's Interest on capital account to date	5	10	0
	Stock on hand 31st of January:—			
	300 quarters of Wheat at 60s.	900	0	0
	100 sacks of Flour at 50s.	250	0	0
	50 quarters of Barley at 40s.....	100	0	0
	Amount due 31st of January:—			
	To James Story for one month's Warehouse Rent	5	10	0
	To R. Brown for Stationery supplied	6	5	0

No. IV.

On the 1st of January, 1861, Charles Stuart ascertained that the state of his affairs was as follows:—

ASSETS.

Pig Iron, 400 tons at £4 per ton £1600
Balance of Cash in hand 1400
O. Cromwell's acceptance, due 10th of January 500

DEBTS.

C. Stuart's acceptance, due 25th of January 570

Transactions subsequently to 1st of January, 1861 :—

1861		£	s.	d.
Jan. 4	Purchased of Carron Company 200 tons of Pig Iron	900	0	0
„ 5	Sold to J. Locke 300 tons Pig Iron	1400	0	0
„ „	Received of J. Locke his acceptance, due 8th March	1000	0	0
„ „	Received Cash of J. Locke	200	0	0
„ 10	Cash Paid, freight and insurance on 200 tons Pig Iron	45	0	0
„ „	O. Cromwell's acceptance, due 10th instant, returned dishonoured	500	0	0
„ „	Cash paid, Notarial Charges thereon	1	10	0
„ 12	Sold to J. Locke 200 tons Pig Iron	1000	0	0
„ 15	Paid Cash to the Carron Company	900	0	0
„ 17	Discounted J. Locke's acceptance for £1000			
„ „	Received Cash proceeds of bill	992	10	0
„ „	Discount charged thereon	7	10	0
„ 18	Received of J. Locke his acceptance, due 4th April	800	0	0
„ 21	Purchased of C. J. Mare and Co. 2000 Tons Iron Rails at £5 10s.	11000	0	0
„ 23	Consigned to Pernambuco, on my own account and risk, to the care of Ewart and Co., of that place, 1000 tons Iron Rails at cost price of £5 10s. per ton	5500	0	0
„ „	Received of Vernon and Co., of London, by way of advance on the above shipment, their acceptance at four months' date	3000	0	0
„ 24	Accepted C. J. Mare and Co.'s draft on me at three months' date	6000	0	0
„ „	Paid Cash to C. J. Mare and Co., on account	2500	0	0
„ „	Cash paid, freight and charges on Iron Rails consigned to Pernambuco	750	0	0
„ 25	Cash paid, my acceptance due this day	570	0	0
„ „	Cash paid, J. Mackenzie on my private account	160	0	0
„ „	Sold to G. Stephenson, 200 tons Iron Rails at £6 per ton	1200	0	0
„ „	Received of G. Stephenson his acceptance, due 28th March	1000	0	0
„ 26	Sold to J. Locke 600 tons Iron Rails at £6 per ton	3600	0	0
„ 28	Received Cash of J. Locke on account	2800	0	0
„ „	Cash received from O. Cromwell, on account of his acceptance due 10th instant, returned dishonoured	200	0	0

1861		£	s.	d.
Jan. 31	Cash paid, my Clerk one month's Salary to date	25	0	0
„ „	Interest accrued to this date, viz., one month on Capital Account	11	5	0
	Stock on hand 31st January, viz.—			
	Pig Iron at £4	400	0	0
	Iron Rails at £5 10s.	1100	0	0
	Amounts due and unpaid 31st January, viz.—			
	To Wm. Johnson, one month's Rent of Office and Warehouse	13	6	8
	To J. Howard for Stationery supplied	6	10	0

No. V.

On the 1st of January, 1862, John Foster found the state of his affairs to be as follows:—

LIABILITIES.

Amount due to Henry Thomson £600
John Foster's own acceptance, due 15th January 400

ASSETS.

20 pipes of Wine, valued at £2000
Cash in hand 500
J. Cox's acceptance, due 20th January 1200
Outstanding shipment of Wine to Ceylon 300

Transactions subsequently to the 1st of January, 1862:—

1862		£	s.	d.
Jan. 2	Sold to J. Wilks 1 pipe of Wine	120	0	0
„ „	Cash received of J. Sands, Loan at 5 per cent. per annum	500	0	0
„ 3	Sold to S. Box 2 pipes of Wine	260	0	0
„ 4	Purchased of R. Brown (ex. duty) 1 pipe of Wine	102	0	0
„ 5	Cash paid, duty on ditto	30	0	0
„ 7	Cash received of S. Box, on account	100	0	0
„ „	Sold to N. James 4 pipes of Wine	500	0	0
„ „	Received of N. James his acceptance, due 10th March	500	0	0
„ 8	Cash received of J. Wilks	117	10	0
„ „	Discount allowed to ditto	2	10	0
„ 10	Sold to W. Nix 10 pipes of Wine	1400	0	0
„ „	Received of W. Nix his acceptance, due 13th April	1400	0	0

1862		£	s.	d.
Jan. 11	Discounted with O. G. and Co. N. James's acceptance, due 10th March	500	0	0
„ „	Received from O. G. and Co. Cash	495	10	0
„ „	Discount charged by O. G. and Co.	4	10	0
„ 12	Sold to B. How 2 pipes of Wine	175	0	0
„ „	Cash paid for Stationery	3	10	0
„ 13	Received final account of sales of consignment to Ceylon; net proceeds to be accounted for by Abel and Co., of Ceylon	220	0	0
„ 14	Purchased and paid for in Cash, 5 pipes of Wine	460	0	0
„ 15	Cash Paid, my acceptance due this day	400	0	0
„ 16	Sold to E. Jones 3 pipes of Wine	350	0	0
„ 17	Cash Paid to H. Thomson, on account	300	0	0
„ 18	Purchased of Tom Brown 8 pipes of Wine	720	0	0
„ 19	Cash Paid to ditto, on account	500	0	0
„ 20	Cash received of E. Jones, on account	100	0	0
„ 21	J. Cox's acceptance, due 20th instant, returned dishonoured and noted; noting 1s. 6d.	1200	1	6
„ 22	Cash received of J. Cox on account of dishonoured bill	800	0	0
„ „	Accepted Tom Brown's draft, due 25th April	220	0	0
„ 25	Bought and paid for in Cash 7 pipes of Wine	560	0	0
„ 31	Cash Paid, one month's Salary to Clerk	20	0	0
„ „	Interest on Capital, one month	8	6	8
„ „	Interest charged to J. Cox on his returned bill	1	13	4
„ „	Interest due to J. Sands on loan	1	19	9
„ „	Cash drawn out by J. Foster on private account	50	0	0
„ „	Rent Due to W. Rix, one month	15	0	0
„ „	Due to S. Low for Stationery	2	10	0
„ „	Stock of Wine on hand this day, 19 pipes	1600	0	0

No. VI.

On the 1st of January, 1863, John Hodge and Charles Wright found the state of their Partnership affairs to be as follows:—

LIABILITIES.	£	s.	d.
Due to John Hodge, Capital	2000	0	0
„ Charles Wright, Capital	1000	0	0
„ John Roe	450	0	0
The Firm's acceptance, due 30th January	820	0	0
	£4270	0	0

ASSETS.	£	s.	d.
Cash at the Bankers'	1250	0	0
Petty Cash in hand	5	15	0
Due from James Pott	164	5	0
„ Henry Nix	50	0	0
Bill Receivable, due 15th February	400	0	0
Stock of Wine, 50 pipes	2400	0	0
	£4270	0	0

The Capital of the Partners bears interest at £5 per cent. per annum, and the net profits are divisible between the two Partners in equal moieties.

TRANSACTIONS.

1863		£	s.	d.
Jan. 1	Sold 10 pipes of Wine to Henry Green	550	0	0
„ „	Bought 20 pipes of Wine of Charles Brown	800	0	0
„ 9	Received Cash from O. G. and Co. proceeds of Bill Receivable for £400, due 15th of February, discounted with them	397	15	0
„ „	Discount charged by O. G. and Co.	2	5	0
„ 12	Paid Cash to Charles Brown	760	0	0
„ „	Trade Discount allowed by Charles Brown	40	0	0
„ 15	Received Cash from James Pott, on account	100	0	0
„ 20	Sold James Pott 2 pipes of Wine	140	0	0
„ 25	Received of Henry Green his acceptance at two months, due 28th March	550	0	0
„ 30	Accepted John Roe's draft at four months' date	450	0	0
„ „	Cash Paid, our acceptance due this day	820	0	0
„ 31	Cash Paid, Clerk's Salary, one month	15	0	0
„ „	Paid out of Petty Cash sundry trade charges	1	16	0
„ „	Paid out of Petty Cash on private account of J. Hodge	3	0	0
Feb. 1	Advanced to Petty Cash	10	0	0
„ „	Cash drawn out by the Partners on their respective private accounts, viz.— John Hodge £60 0 0; Charles Wright 50 0 0	110	0	0
„ 2	Sold to Richard Love 20 pipes of Wine at £50	1000	0	0
„ „	Consigned to Sydney, on our own account and risk, through Small and Co., 10 pipes of Wine invoiced at	600	0	0

1863		£	s.	d.
Feb. 10	Received of Small and Co. Cash as advance on consignment to Sydney	330	0	0
„ 15	Bill Receivable, due this day, returned dishonoured by acceptor, John Nokes	400	0	0
„ „	Notarial Charges thereon paid out of Petty Cash	0	3	6
„ 20	Cash received of John Nokes on account of his dishonoured acceptance	200	0	0
„ 21	Purchased of Henry Jones 15 pipes of Wine..	750	0	0
„ „	Sold to H. Cox 5 pipes of Wine	450	0	0
„ „	Cash Paid, freight, insurance, and charges on consignment to Sydney	75	0	0
„ 23	Received of H. Cox Cash	200	0	0
	His acceptance, due 26th May.....	100	0	0
„ 24	Received of Richard Love his acceptance, due 27th of April.....	600	0	0
„ 28	Value of stock of Wine remaining on hand at this date	1700	0	0
„ „	Due to H. Good for Stationery.....	7	10	0
„ „	„ H. Knott one month's Salary	15	0	0
„ „	„ J. Craig two months' Rent	20	0	0
„ „	Credit Partners' Accounts with two months' interest on their Capital, viz.—			
	John Hodge on £2000.....	16	13	4
	Charles Wright on £1000	8	6	8
„ „	Debit Partners' Accounts with interest on sums drawn on private account, viz.—			
	John Hodge one month on £60	0	5	0
	C. Wright one month on £50	0	4	2
„ „	Credit John Hodge his moiety of Balance of Profit and Loss Account			
„ „	Credit Charles Wright do. do.			

No. VII.

James Bell and John Lee enter into Partnership on the 1st of January, 1864.

James Bell's Capital was—
In Cash £2000
In Cotton 1000
John Lee's Capital was—
In Cash 1000
—— £4000

N.B.—The Capital of the Partners bears interest at 5 per cent. per annum, and the net profits are divisible between them in equal moieties.

SUBSEQUENT TRANSACTIONS.

1864		£	s.	d.
Jan. 2	Bought of R. Black, Cotton as per invoice ..	700	0	0
„ „	Accepted R. Black's draft at 14 days, due 19th instant	700	0	0
„ 3	Sold to Samuel Bow, Cotton	360	0	0
„ „	Received from Samuel Bow his acceptance, due 7th February	200	0	0
	And Cash	160	0	0
„ 4	Bought of S. Tom, Cotton as per invoice....	800	0	0
„ 5	Paid Cash to S. Tom.....	792	10	0
„ „	Abatement allowed by S. Tom.....	7	10	0
„ „	Bought of James Trig, Cotton as per invoice	600	0	0
„ „	Received of James Trig, Bill Receivable, due 15th instant	210	0	0
„ 6	Sold to Samuel Bow, Cotton	700	0	0
„ „	Received of Samuel Bow his acceptance, due 9th February.....	250	0	0
„ „	Advanced for Petty Cash	10	0	0
„ 8	Bought of R. Nix, Manchester, Cotton Goods as per invoice.....	670	0	0
„ „	Sold to H. Pott, Cotton as per invoice.....	480	0	0
„ 12	Consigned to Ceylon, through Braine and Co., for our own account and risk, Cotton Goods invoiced to them at	1000	0	0
„ „	Received of Braine and Co. Cash Advance on said consignment.....	666	0	0
„ 13	Paid to James Trig, Cash.....	450	0	0
„ „	Cash Paid, freight and charges on shipment to Ceylon	58	10	0
„ „	Paid out of Petty Cash, Postage, &c.	3	17	6
„ 14	Discounted with D. Gride, Samuel Bow's acceptance for £250, due 9th February, received Cash	248	15	0
	Allowed Discount	1	5	0
„ 16	Bill Receivable, received of James Trig 5th instant, due 15th instant, returned dishonoured	210	0	0
„ 17	Cash drawn out by James Bell.....	250	0	0
„ „	„ „ by John Lee	100	0	0
„ 19	Cash Paid, our acceptance of R. Black's draft, due this day.....	700	0	0
„ „	Cash placed on deposit at Bankers'.....	1000	0	0
„ 20	Bought of R. Nix, Manchester, Cotton Goods as per invoice	325	0	0
„ „	Paid R. Nix, Manchester, Cash on account..	400	0	0
	Our acceptance, due 10th March.....	200	0	0
„ 24	Paid out of Petty Cash for Stationery, &c. ..	4	10	0

1864		£	s.	d.
Jan. 31	Stock of Cotton on hand	1800	0	0
„ „	Cotton Goods on hand at cost	325	0	0
„ „	Salary due to D. Scribe	21	0	0
„ „	Rent due to R. Tree	15	0	0
„ „	Balance of Interest to Credit of James Bell	11	17	6
„ „	„ „ „ of John Lee	3	15	0

No. VIII.

John Long and James Rose begin business in Partnership on the 1st of January, 1865.

John Long's Capital was £2000 in Cash and James Rose's Capital £1500 in Cash and £1000 in Wine.

N.B.—The Capital and Drawings of the Partners are subject to interest at 5 per cent. per annum, and the Balance of the Profit and Loss Account is divisible thus:—To John Long *one-third*, to James Rose *two-thirds*.

1865		£	s.	d.
Jan. 3	Bought of T. Styles, Wine, duty paid	450	0	0
„ „	Accepted T. Styles' draft at two months' date	450	0	0
„ 5	Lent John Nokes, Cash	300	0	0
„ 7	Sold to W. Box, Wine	800	0	0
„ „	Sold to H. Potts, Wine	250	0	0
„ „	Received of W. Box, Cash on account	600	0	0
„ 8	Sold to S. Vix, Wine	120	0	0
„ „	Paid Cash for Office Furniture and Fixtures	105	0	0
„ 9	Received of W. Box, his acceptance at six months'	205	0	0
„ „	Charge W. Box with interest, six months', on £200	5	0	0
„ 12	Shipped on own account and risk, to Bombay, Wine invoiced at	330	0	0
„ 13	Bought Wine of J. Styles	700	0	0
„ „	Paid Cash to J. Styles, on account	500	0	0
„ „	Cash drawn out by James Rose	400	0	0
„ „	Do. do. by John Long	100	0	0
„ „	Bought of C. Aggs, Wine	830	0	0
„ 16	Received Cash, advance on the above shipment to Bombay	140	0	0
„ „	Bought Wine and paid Cash	1150	0	0
„ „	Accepted C. Aggs' draft at three months' date	500	0	0
„ 18	Sold Wine to J. Nokes	625	0	0
„ „	Charge interest to J. Nokes	7	10	0
„ „	Received of J. Nokes his acceptance, on account	732	10	0

1865		£	s.	d.
Jan. 18	Advanced for Petty Cash	20	0	0
„ 20	Sold Wine to J. Nokes	270	0	0
„ „	Do. to J. Dodd	860	0	0
„ 23	Do. to R. Kell	400	0	0
„ „	Paid trade charges out of Petty Cash	8	6	8
„ 24	Bought Wine of N. Scott	125	0	0
„ 26	Received of J. Nokes his acceptances	100	0	0
„ „	Do. of J. Dodd do.	300	0	0
„ 28	Discounted with O. G. and Co. J. Nokes' acceptance for	732	10	0
„ „	Received Cash of O. G. and Co.	705	5	0
„ „	Discount charged by O. G. and Co.	27	5	0
„ 30	Paid to N. Scott, W. Box's acceptance	205	0	0
„ 31	Stock of Wine on hand at cost	950	0	0
„ „	Interest on amount drawn out by John Long	0	3	4
„ „	Interest on John Long's Capital	8	6	6
„ „	Interest on amount drawn out by James Rose	0	13	4
„ „	Interest on James Rose's Capital	10	8	4
„ „	Rent due to A. Bone	18	10	0
„ „	Salary due to T. Fox	25	0	0
„ „	Trade charges paid out of Petty Cash	9	3	0

No. IX.

John Ward takes W. Campbell into Partnership on the 1st of January, 1866. John Ward's Assets and Liabilities are as follows, viz.—

ASSETS.

Sherry	£2250	0	0
Brandy	300	0	0
Sundry Debtors to him, viz.—			
A. Green	200	0	0
J. Smith	50	0	0
T. Jones	100	0	0
Bills Receivable	262	0	0
Cash	1000	10	6

LIABILITIES.

Bills Payable	150	0	0
Due to P. Robb	20	10	0
Do. F. Brook	132	4	0

W. Campbell's Capital amounts to £2000 Cash.

N.B.—The Capital and Drawings of the Partners are subject to interest at 5 per cent. per annum, and the Balance of the Profit and Loss Account is divisible thus:—To John Ward, *two-thirds*: to W. Campbell, *one-third*.

1866.		£	s.	d.
Jan. 1	Paid Cash for Purchase of Business Premises	1500	0	0
,, ,,	Advanced for Petty Cash	20	0	0
,, 2	Received Cash from J. Wilson in payment of his acceptance, due this day	62	0	0
,, 3	Consigned to P. Walker, to be sold by him on our account and risk, Brandy invoiced at	225	0	0
,, ,,	Bought of F. Brook, Sherry	75	0	0
,, 4	Paid Cash for our acceptance of J. Ward's draft, due this day	150	0	0
,, 5	Sold P. Robb, Brandy	20	0	0
,, 6	Received A. Green's acceptance, at 21 days, in payment of amount due by him	200	0	0
,, ,,	Received Cash from J. Smith	50	0	0
,, 8	Discounted A. Green's acceptance for £200, and received Cash £198, and allowed Discount £2	200	0	0
,, 11	Advanced for Petty Cash	30	0	0
,, ,,	Received from P. Walker, on account of consignment of Brandy	100	0	0
,, 12	Lent Cash to J. Smith	100	0	0
,, 13	Sold Sherry for Cash	400	0	0
,, ,,	Sold Sherry to A. Green	800	0	0
,, ,,	Received from A. Green his acceptance, due 16th April	800	0	0
,, 15	Bought Sherry of J. Potts	1500	0	0
,, ,,	Paid Cash to J. Potts, on account	750	0	0
,, ,,	Accepted J. Potts' draft at two months'	750	0	0
,, 17	Bought Brandy for Cash	300	0	0
,, 19	Cash drawn out by J. Ward	100	0	0
,, 20	Received Cash of T. Jones, by way of composition, in discharge of his debt of £100	50	0	0
,, 22	Received account sales from P. Walker, showing that the above consignment of Brandy to him realised net	285	0	0
,, ,,	Received Cash from P. Walker, balance of amount realised, viz.	185	0	0
,, 24	Paid Cash for Repairs of Premises	10	6	0
,, 25	Sold for Cash, Brandy	150	0	0
,, 26	Paid Cash for Fire Insurance	20	0	0
,, 30	Bought Sherry from J. Potts	900	0	0
,, ,,	Paid to J. Potts, A. Green's acceptance, due 16th April	800	0	0
,, ,,	Paid Cash to J. Potts	100	0	0
,, 31	Paid Salary of Clerk	10	0	0
,, ,,	Trade charges, paid out of Petty Cash	40	2	0
,, ,,	Interest on amount drawn out by J. Ward	0	3	4

1866		£	s.	d.
Jan. 31	Interest on J. Ward's Capital	16	1	8
,, ,,	Interest on W. Campbell's Capital	8	6	8
,, ,,	Stock of Sherry in hand	3925	0	0
,, ,,	Stock of Brandy in hand	100	0	0

No. X.

On the 1st of January, 1867, John Ward and W. Campbell have Assets and Liabilities as follows, viz.—

ASSETS.	£	s.	d.
Business Premises and Plant valued at	1500	0	0
Sherry	3525	0	0
Brandy	500	0	0
Due by J. Smith	160	0	0
Bills Receivable	200	0	0
Cash	1115	0	0
LIABILITIES.			
Bills Payable	750	0	0
Due to P. Robb	208	0	0
John Ward's Capital is	3908	0	0
W. Campbell's ,, ...	2074	0	0

They take J. Smart into Partnership on the 1st of January, 1867. J. Smart's Capital amounts to £2500 in Cash.

N.B. The Capital and Drawings of the Partners are subject to interest at 5 per cent. per annum, and the Net Balance of Profit and Loss is divisible thus—to John Ward, *one-half;* to W. Campbell and J. Smart *one-quarter* each.

1867		£	s.	d.
Jan. 1	Advanced for Petty Cash	20	0	0
,, ,,	Sold J. Smith, Brandy	15	0	0
,, 2	Paid Cash for our acceptance of J. Duncan's draft, due this day	200	0	0
,, 5	Discounted J. Green's acceptance for £200, and received £198 in Cash, and allowed for Discount £2	200	0	0
,, ,,	Bought of J. Smith, Sherry	715	0	0
,, ,,	Accepted J. Smith's draft, at two months' date	600	0	0
,, 8	Invoice of Brandy bought of S. Nokes.....	1035	0	0
,, 9	Received consignment of Claret from T. Sandford, to be sold by us on his account at 2 per cent. commission on proceeds, invoiced at	300	0	0

1867		£	s.	d.
Jan. 9	Paid Cash for carriage of above consignment	2	0	0
„ 10	Advanced Cash to T. Sandford	100	0	0
„ „	Paid Cash for additional Business Premises	500	0	0
„ 12	Cash paid S. Nokes for Brandy	1015	0	0
„ „	Discount allowed by S. Nokes	20	0	0
„ „	Sold W. Brown, Brandy	50	0	0
„ „	Sold W. Brown, Sherry	500	0	0
„ „	Received W. Brown's acceptance at 21 days	550	0	0
„ 15	Cash drawn out by W. Campbell	100	0	0
„ 20	Consigned to R. Green, to be sold by him on our account and risk, Sherry, invoiced at	200	0	0
„ 27	Lent Cash to J. Smith	100	0	0
„ 29	Bought Sherry of P. Robb	632	10	0
„ „	Paid P. Robb on account, by handing to him W. Brown's acceptance for £550	550	0	0
„ 30	Sold Brandy for Cash	500	0	0
„ „	Sold Sherry for Cash	850	0	0
„ 31	Sold for Cash part of consignment of Claret from T. Sandford	150	0	0
„ „	Paid Salaries of Clerks	45	0	0
„ „	Trade charges, paid out of Petty Cash	19	4	0
„ „	Interest on amount drawn out by W. Campbell	0	4	2
„ „	Interest on J. Ward's Capital	16	5	8
	„ W. Campbell's Capital	8	12	10
	„ J. Smart's Capital	10	8	4
„ „	Estimated Wear and Tear of Business Premises and Plant	10	0	0
„ „	Commission earned on consignment of Claret	3	0	0
„ „	Stock of Sherry on hand	3473	0	0
	„ Brandy „	960	0	0

No. XI.

On the 1st of January, 1868, D. Scott has Assets and Liabilities as follows:—

ASSETS.	£	s.	d.
Business Premises, valued at	500	0	0
Wine	2000	0	0
Due by J. Wall	205	0	0
Bills Receivable	352	0	0
Cash	605	12	4
LIABILITIES.			
Bills Payable	557	0	0
Due to W. Brown	44	0	0

On the 1st of January, 1868, T. Jones is taken into Partnership. T. Jones's Capital is composed of Brandy valued at £2000 and £1000 in Cash.

N.B.—The Capital and Drawings of the Partners are subject to interest at 5 per cent. per annum, and the Net Balance of Profit and Loss is divisible equally between them.

1868		£	s.	d.
Jan. 1	Advanced for Petty Cash	10	0	0
„ „	Paid Cash for purchase of additional Business Premises	200	0	0
„ 3	Discounted S. Nokes's acceptance for £200, and received in Cash £197 10s., and allowed for Discount £2 10s.	200	0	0
„ 6	Bought Wine for Cash	342	10	0
„ „	Sold Brandy for Cash	845	0	0
„ „	Paid Cash for our acceptance to J. Wilson, due this day	257	0	0
„ 9	Bought Brandy of F. Black	400	0	0
„ 10	Cash drawn out by D. Scott	200	0	0
„ 13	Sold G. Green, Wine	500	0	0
„ „	Received from G. Green (and cancelled) our acceptance to him	300	0	0
„ „	Received G. Green's acceptance to us at two months	200	0	0
„ 14	Received amount due by J. Wall—viz., £200 in Cash, and allow for Discount £5	205	0	0
„ 16	Paid amount due to W. Brown—viz., £42 in Cash, and received for Discount £2	44	0	0
„ 20	Sold J. Wilson, Brandy	240	0	0
„ „	Sold ditto, Wine	800	0	0
„ „	Received J. Wilson's acceptance at twenty-one days	1040	0	0
„ 25	Received consignment of Cigars from J. Thompson, invoiced at	100	0	0
„ 30	Bought of J. Wall the Schooner *Dolphin*	2000	0	0
„ „	Paid J. Wall, Cash	1000	0	0
„ „	Accepted J. Wall's draft at two months	1000	0	0
„ „	Paid Salaries of Clerks	30	0	0
„ „	Received Johnson and Son's account for carriage of Wine during the month of January	4	3	0
„ „	Trade charges paid out of Petty Cash to this date	8	9	0
„ „	Interest on amount of Capital drawn out by D. Scott	0	11	6
„ „	Interest on D. Scott's Capital	12	15	2
	„ T. Jones's „	12	10	0

1868		£	s.	d.
Jan. 30	Estimated Wear and Tear of Business Premises	10	0	0
„ „	Stock of Wine on hand	1250	0	0
„ „	Stock of Brandy on hand	1310	0	0

No. XII.

On the 1st of January, 1869, Grant and Ross have Assets and Liabilities as follows:—

ASSETS.	£	s.	d.
Business Premises, valued at	300	0	0
Cash at Bankers	942	3	6
Petty Cash	8	1	0
Acceptance of W. Thom, due 8th January	371	10	0
Due by A. Down	148	0	0
Goods on hand, viz.:—			
10 tons of Tin	800	0	0
Wool	1500	0	0
LIABILITIES.			
T. Vane, Balance of Account	369	14	6
Our acceptance to J. Brook, due 18th January	500	0	0

N.B.—The Surplus Assets over Liabilities, being the Capital of the Business, belong to the Partners in the following proportions, viz., to H. Grant, £2400, to J. Ross, £800. The Capital and Drawings of the Partners are subject to Interest at 5 per cent. Ross, as manager, receives £25 a month. The remaining Balance of Profit and Loss is divisible as follows:—To H. Grant, *three-fourths*; to J. Ross, *one-fourth*.

1869		£	s.	d.
Jan. 1	Discounted W. Thom's acceptance, and received in Cash £371, and allowed for Discount 10s.	371	10	0
„ 4	Bought of T. Vane 5 tons of Tin	400	0	0
„ „	Accepted T. Vane's draft at two months	769	14	6
„ 6	Bought Wool for Cash	500	0	0
„ 8	Sold Wool to W. Thom	1000	0	0
„ „	Received from W. Thom his acceptance for £500 at a month, and Harris and Co.'s acceptance to him for £500, due 31st January	1000	0	0
„ 12	Received from R. Green consignment of Indigo, invoiced at	1200	0	0
„ „	Accepted R. Green's draft at two months for	800	0	0
„ 14	Received Cash of A. Down for balance of his account	145	0	0
„ „	And allowed to him for Discount	3	0	0

1869		£	s.	d.
Jan. 15	H. Grant drew out for Private Expenses	50	0	0
„ 16	Sold for Cash the whole of R. Green's consignment of Indigo for	1300	0	0
„ „	Commission gained by us on the above consignment	33	0	0
„ 18	Renewed our acceptance, due this day, for £500 for two months, in favour of J. Brook (including interest)	508	12	0
„ 20	Cheque drawn for Petty Cash	20	0	0
„ „	Sold 15 tons of Tin to A. Down for.....	1500	0	0
„ 26	Received from A. Down, Cash	800	0	0
„ „	„ „ his acceptance at			
„ „	one month for	700	0	0
„ 31	Received Cash for Harris and Co.'s acceptance, due this day	500	0	0
„ „	Paid J. Ross his Salary as Manager	25	0	0
„ „	Paid Salary of Clerk	8	0	0
„ „	Payment out of Petty Cash for Trade Charge in the month.....	15	1	0
„ „	Interest on H. Grant's Capital	10	0	0
„ „	„ J. Ross's „	3	6	8
„ „	„ H. Grant's Drawing	0	2	4
„ „	„ allowed to us by Bankers on our balances during the month	4	0	6
„ „	Interest due by us to R. Green.....	2	1	0
„ „	Wear and Tear of Premises, estimated at....	5	0	0
„ „	Wool on hand, valued at	1000	0	0

On examining the books it is discovered that the following transaction, "Interest allowed to us by Bankers in the month, £4 os. 6d.," has been posted as if it had been "Interest charged by Bankers in the month, £4 6s." Give the Journal entry or entries necessary to correct the error.

No. XIII.

On the 1st of January, 1870, John Guy and Thomas Sterne begin business in Partnership with each other as Iron Merchants; the state of the joint Assets and Liabilities at that date being as follows:—

ASSETS.

	£	s.	d.
Cash at the Bankers	850	0	0
Stock of Pig and Bar Iron	1950	0	0
Petty Cash	7	10	0
Debt due from W. Snooks.....	685	7	6
W. Jack's Promissory Note, due 5th January ..	158	5	0

LIABILITIES.	£	s.	d.
Debt due to C. Pym	426	8	0
Their acceptance, due 16th January	224	14	6
John Guy's Capital	1800	0	0
Thomas Sterne's Capital	1200	0	0

N.B.—The Partners are entitled to interest on their Capitals, and chargeable with interest on their Drawings at the rate of 5 per cent. per annum. T. Sterne is to receive Salary as Manager at the rate of £25 a month, and the Balance of Net Profit is divisible between the two Partners in equal moieties.

1870			£	s.	d.
Jan.	1	Drew from the Bankers for Petty Cash	10	0	0
„	„	Paid out of Petty Cash for Stationery	1	10	0
„	3	Sold to W. Sim 250 tons of Iron	1250	0	0
„	„	Received W. Sim's acceptance, due 1st March	1250	0	0
„	4	Bought 220 tons of Iron of A. Rab	880	0	0
„	6	Cash Paid, freight of Iron bought	64	2	6
„	8	W. Jack's Promissory Note, due this day, for £158 5s., dishonoured	158	5	0
„	9	Paid Notarial Charges thereon	0	17	0
„	„	Received W. Jack's Promissory Note, due 12th March, in renewal of his dishonoured Promissory Note, including interest and charges thereon	160	7	6
„	10	Bought 500 tons of Iron of B. Prince, at £4 15s.	2375	0	0
„	„	Sold 600 Tons of Iron to Mobile Railway Company, and received payment, half Cash and half Bonds, bearing 8 per cent. interest	3300	0	0.
„	11	Accepted B. Prince's draft at 3 months, due 13th April	2375	0	0
„	12	Paid A. Rab £880, less 2½ per cent. Discount for Cash	858	0	0
„	13	Discounted W. Sim's acceptance and W. Jack's Promissory Note, and received in Cash £1400 12s. 6d., and allowed for Discount £9 15s.	1410	7	6
„	„	Bought 500 tons of Iron for Cash	2137	10	0
„	„	Consigned to C. Pym 200 tons of Iron invoiced at	900	0	0
„	15	Received from C. Pym his acceptance, due 16th July, on account of consignment	250	0	0
„	16	Paid our acceptance, due this day	224	14	6
„	„	J. Guy drew out for private expenses	50	0	0
„	18	C. Pym advised sale of Iron consigned to him for	887	10	0

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1870		£	s.	d.
Jan. 18	And that his commission thereon was	8	17	6
,, 20	Bought 1000 tons of Iron of W. Crookes, payment one third Cash on delivery, residue in 14 days.....	4250	0	0
,, 22	Sold Mobile Railway Bonds for £1000 at 97½ per cent, less brokerage half per cent	970	0	0
,, 23	Paid W. Crookes on delivery of Iron	1416	13	4
,, 24	Sold 800 tons of Iron to C. Pym, Cash on delivery 14 days hence.....	3600	0	0
,, 30	Received from W. Snooks composition of 11s. in the £ on his debt of £685 7s. 6d.	376	19	0
,, 31	Paid Thomas Sterne his Salary as Manager ..	25	0	0
,, ,,	Paid Salary of Clerk.....	8	8	0
,, ,,	Payments out of Petty Cash for Trade Expenses during the month	10	3	0
,, ,,	Interest on John Guy's Capital.....	7	10	0
,, ,,	,, T. Sterne's Capital	5	0	0
,, ,,	,, John Guy's Drawing	0	2	1
,, ,,	,, allowed by Bankers on the Firm's minimum balance during the month.....	1	5	0
,, ,,	Iron on hand, valued at.....	3300	0	0
,, ,,	Mobile Railway Bonds on hand £650, valued at 95 per cent	617	10	0

No. XIV.

On the 1st of January, 1871, James Sharpe, Wine and Tea Merchant, took into his business, as Partner, George Mills, on the following conditions, viz.:—

1. G. Mills to bring into the business a Capital of £3,560.
2. The Net Balance of Profit and Loss to be divided thus, viz.:—To James Sharpe, *two-thirds;* to George Mills (in addition to a Salary of £250 per annum), *one-third.*
3. The Capital and Drawings of the Partners to be subject to interest at 5 per cent.

James Sharpe's Assets, 1st January, 1871—	£	s.	d.
J. Brown's Promissory Note, due 7th January ..	373	10	0
Debt due by P. Gibbon	172	15	0
Stock of Tea in hand	741	0	0
Stock of Wine in hand	932	0	0
Cash in hand	315	0	0
Business Premises, valued at	425	0	0
James Sharpe's Liabilities, 1st January, 1871—			
His acceptance, due 13th January	175	0	0
Amount due to J. Price	842	17	6

1871		£	s.	d.
Jan. 2	Received from G. Mills, amount of his Capital, as agreed	3560	0	0
„ „	Sold to R. Bruce 5 butts of Wine, at £48	240	0	0
„ „	Paid Cash for Wine	2000	0	0
„ 3	Received Cash from R. Bruce	235	15	0
„ „	Discount allowed him	4	5	0
„ 5	Bought of P. Smith 33 chests of tea at £9 10s. per chest	313	10	0
„ 6	Advanced for Petty Cash	12	10	0
„ „	Accepted P. Smith's draft, payable in 21 days	313	10	0
„ 7	Consigned to N. Brook, on our account and risk, Tea, invoiced at	531	0	0
„ 9	J. Brown's Promissory Note, due this day, returned dishonoured	373	10	0
„ „	Advanced out of Petty Cash for noting ditto	0	1	6
„ 10	Cash Drawn by James Sharpe for private expenses	35	0	0
„ 11	Received from J. Brown his Promissory Note, due 14th March, being in renewal of his dishonoured bill, inclusive of interest, £7 15s. 9d., and amount paid by us for noting bill, 1s. 6d.	381	7	3
„ 12	Mem.: Received consignment of 100 doz. Sherry from R. Pullen, to be sold by us at 1½ per cent. *del credere* commission on net proceeds.*			
„ „	Paid carriage and charges on the above consignment	4	5	0
„ 13	James Sharpe's acceptance paid this day	175	0	0
„ 14	Received from N. Brook account sales of Tea consigned to him and sold to B. Long for	607	9	6
„ 16	Sold to R. Bruce 25 doz. Sherry, being part of R. Pullen's consignment	65	0	0
„ 17	Sold to James Price 75 doz. Sherry, being remainder of R. Pullen's consignment	230	0	0
„ „	Our commission on above sales	4	8	5
„ „	Remitted to R. Pullen, balance due to him	286	6	7
„ 18	Insured Business Premises	12	3	9
„ 19	Received from B. Long amount due by him for Tea sold to him by N. Brook on our account	607	9	6
„ 20	Received Cash, 15s. 6d. in the £ on £172 15s. debt due by P. Gibbon, he having compounded with his creditors	133	3	2

* In consideration of a *del credere* commission, the agent binds himself to make good the net proceeds.

1871		£	s.	d.
Jan. 21	Bought 6 chests of Tea at £9 10s. and gave in exchange Cash ..... £20 0 0 Wine invoiced at 37 0 0	57	0	0
„ 23	Discounted J. Brown's Promissory Note, receiving in Cash ..... £375 4 2 And allowed for Discount 6 3 1	381	7	3
„ 24	Accepted James Price's draft for balance due to him	612	17	6
„ 26	Sold, for Cash, 75 chests of Tea, at £9	675	0	0
„ 27	Opened a Deposit Account with Union Bank, and deposited therein	1000	0	0
„ „	Our acceptance of P. Smith's draft paid this day	313	10	0
„ 30	Purchased additional Business Premises from R. Bruce	250	0	0
„ 31	Paid for Clerks Salaries	25	0	0
„ „	Paid out of Petty Cash this month for Postage, Stationery, &c.	11	16	3
„ „	Interest on J. Sharpe's Capital	8	1	6
„ „	„ J. Sharpe's Drawings	0	2	0
„ „	„ G. Mills' Capital.....	14	16	8
„ „	G. Mills' Salary, due this day	20	16	8
„ „	Tear and Wear of Premises	7	10	0
„ „	Stock of Wine on hand.....	2850	0	0
„ „	„ Tea on hand	35	0	0

No. XV.

Messrs. Fox and Jackson being in business as Iron Merchants, their Liabilities and Assets on the 31st of December, 1871, were as follows, viz.:—

LIABILITIES.	£	s.	d.
Due to B. Jones	3500	0	0
Due to D. Adams	1300	0	0
Bills Payable—			
Due 22nd January, 1872	753	1	2
„ 2nd February, 1872	1031	4	6
„ 28th February, 1872	707	9	7
Joseph Fox's Capital	6755	7	3
W. Jackson's Capital	500	0	0

ASSETS.			
Due by P. Benson	1320	0	0
„ J. Howard.....	762	3	10

	£	s.	d.
J. Scott's acceptance, due 17th January	1300	0	0
P. Brook's acceptance, due 30th January	1721	4	9
Leasehold Premises, estimated value of Lease, subject to rental of £120 a year	1500	0	0
Cash on hand.....	1962	17	1
Stock of Iron on hand	5980	16	10

1872		£	s.	d.
Jan. 1	Sold Iron for Cash.....	90	0	0
„ 3	Sold Iron to R. Burn	382	10	0
„ 4	Advanced for Petty Cash	15	0	0
„ 5	Received R. Burn's acceptance, in payment of Iron sold	382	10	0
„ 6	Sold to the London agents of the Ohio Railway Company, Iron Rails, value	4500	0	0
„ „	And allowed Discount	78	10	9
„ „	And received of them their acceptance at three months.....	1421	9	3
	And seven per cent. Bonds of the Ohio Railway Company at par	3000	0	0
„ 9	Purchased Iron, and paid for the same in Cash	2000	0	0
„ 10	Allowed interest to D. Adams	23	1	6
„ „	Accepted D. Adams's draft	1323	1	6
„ 12	Received Cash, being a composition of 11s. in the £ in full discharge of the debt due by J. Howard	419	3	8
„ „	Mem.: Received from P. Benson a consignment of Pig Iron, to be sold by us on his account.			
„ 13	Sold for Cash, £1500 Ohio Railway Bonds ..	1525	0	0
„ 14	Purchased Iron, and paid for the same in Cash, value	1000	0	0
„ 16	Cash withdrawn by J. Fox	50	0	0
„ 18	J. Scott's acceptance, due 17th instant, returned dishonoured	1300	0	0
„ „	Paid out of Petty Cash for noting same	0	1	6
„ 19	Discounted R. Burn's acceptance, and received in Cash.....£375 2 9 And allowed Discount 7 7 3	382	10	0
„ 20	Sold to B. Jones, Iron consigned to us by P. Benson	1440	0	0
„ 21	Charged P. Benson commission on sale of his Iron to B. Jones	43	4	6
„ „	Remitted Cash to P. Benson	76	15	6
„ 22	Paid our acceptance, due this day.....	753	1	2
„ 24	Sold to D. Adams, Iron, value.....	1500	0	0

1872		£	s.	d.
Jan. 25	Received J. Scott's Promissory Note at 60 days, being in renewal of his dishonoured acceptance, due 17th instant..£1300 0 0			
	Interest on renewal and noting.. 25 5 0			
		1325	5	0
„ 26	Received from D. Adams, in payment of Iron sold to him, our acceptance	1323	1	6
	And Cash	176	18	6
„ 30	Received Cash from P. Brook for his acceptance, due this day	1721	4	9
„ 31	Amount paid out of Petty Cash for Stationery, Postage, &c.	7	2	9
„ „	Interest on J. Fox's Capital	28	2	11
„ „	„ J. Fox's Drawings	0	2	1
„ „	„ W. Jackson's Capital	2	1	8
„ „	Wear and Tear of Business Premises	5	0	0
„ „	Rent of Premises, due this day.....	10	0	0
„ „	Value of Stock of Iron	3039	6	10
„ „	Ohio Railway Bonds on hand, at par	1500	0	0

No. XVI.

On the 1st of January, 1868, Duke and French, Merchants, found their Partnership Accounts stood as follows:—

LIABILITIES.	£	s.	d.
J. Tait, balance of account	92	10	7
Our acceptance outstanding in favour of Ingram and Co., Madras, due 27th January	570	12	2
Mason and Nephew, balance of invoice of Cotton Goods.....	413	5	8
Rent of Office (one quarter) to Christmas, 1867,	50	0	0
B. Sharp, Salary	30	0	0
ASSETS.			
Cash at Bankers'	452	11	8
Petty Cash	4	10	6
Shipment of Cotton Goods to Melbourne, ex "Lady Elizabeth".....	608	4	1
Debt due from Ingram and Co., Madras	1496	0	11
Acceptance of Moffatt and Co., due 2nd Feb. ..	595	1	3
Stock of merchandize, viz.:—			
5 tons Copper £300 0 0			
10 bales Cotton Goods..... 200 0 0			
	500	0	0

The Surplus Assets over Liabilities, being the Capital of the business, belongs to the Partners in the following proportions:—

H. Duke £1500	0	0
W. French 1000	0	0

The Profits of the business to be equally divided between the Partners, after allowing 5 per cent. interest on their Capital.

1868		£	s.	d.
Jan. 2	Laing and Co. accepted our draft, due 5th March, on account of Cotton Goods shipped to Melbourne ex "Lady Elizabeth"	550	0	0
„ „	Paid J. Tait balance of his account	90	0	0
„ „	J. Tait allowed us for Discount	2	10	7
„ 8	Purchased of J. Dyson, 20 tons Copper	1400	0	0
„ „	Discounted Moffatt and Co.'s acceptance, due 2nd February, for £595 1s. 3d., and received in Cash	592	11	8
„ „	Discount Charged for same	2	9	7
„ 12	Sold to J. Jackson 50 chests Indigo, ex "Laura," consigned to our care and belonging to Ingram and Co., Madras	600	0	0
„ „	Paid shipping charges on above Indigo	132	11	8
„ „	Commission charged Ingram and Co. for above sale	15	0	0
„ 27	Renewed our acceptance, due this day, for £570 12s. 2d. for two months, in favour of Ingram and Co., including interest	577	15	8
„ 30	Received Cash of J. Jackson for 50 chests Indigo sold to him on 12th	600	0	0
„ „	Paid Cash to J. Dyson on account of Copper	1000	0	0
Feb. 2	Moffatt and Co.'s acceptance returned to us this day dishonoured, and noting expenses	595	2	9
„ 4	Moffatt and Co. took up their acceptance and interest	595	15	0
„ 8	Accepted draft in favour of Mason and Nephew, due 11th April	413	5	8
„ 18	Paid Rent of Office to Christmas	50	0	0
„ „	Paid B. Sharp on account of Salary	25	0	0
„ 20	Sold Campbell and Co. 10 tons Copper	750	0	0
„ 21	H. Duke drew out of the business for private expenses	50	0	0
„ „	W. French drew out of the business for private expenses	50	0	0
„ „	Cheque drawn for Petty Cash	20	0	0
Mar. 4	Received Cash for Laing and Co.'s acceptance against shipment of Cotton Goods to Melbourne	550	0	0
„ 10	Sold C. Crawley 15 tons Copper	1250	0	0
„ „	Took his acceptance for the same at three months	1250	0	0
„ „	Received of Campbell and Co. Cash	735	0	0
„ „	Allowed them Discount on settlement	15	0	0

1868		£	s.	d.
Mar. 28	Received through Laing and Co. account sales of Cotton Goods shipped to Melbourne, and remittance from them in Cash for the balance	152	1	4
„ 30	Sold Leach and Son 10 bales of Cotton Goods	250	0	0
„ „	Paid out of Petty Cash for sundry office disbursements during the quarter	7	12	0
„ „	Paid Rent of Office (one quarter) to Lady-day	50	0	0
„ „	Paid B. Sharp his Salary	35	0	0
„ „	Paid acceptance in favour of Ingram and Co., due this day	577	15	8
„ 31	Interest charged to Ingram and Co. on their account current	32	12	8
„ „	Interest allowed to us by Bankers on our account	2	12	4
„ „	Interest on H. Duke's Capital	18	15	0
„ „	„ W. French's Capital	12	10	0

No. XVII.

On the 1st of January, 1869, W. Johnson, Miller and Corn Merchant, found his Assets and Liabilities as follows :—

N.B.—The books are to show separately his Profit or Loss as a Miller and as a Corn Merchant, and all his Assets and Liabilities are to be embodied in one Balance Sheet.

LIABILITIES.	£	s.	d.
W. Smith, balance of account	226	10	0
Acceptance to F. Long, due 15th January	250	0	0
ASSETS.			
Business Premises and Machinery, valued at	1400	0	0
Two Horses, Wagon, Cart, &c.	300	0	0
Cash in Bank	157	10	0
Petty Cash	1	4	6
Debt Due by R. Young	116	5	0
Goods on hand, viz. :—			
Wheat	183	15	0
Flour, &c., at Mill	22	16	0

1869		£	s.	d.
Jan. 1	Accepted W. Smith's draft at two months	226	10	0
„ 2	Drew Cheque for Petty Cash	10	0	0
„ „	Bought of W. Gye 60 quarters of Wheat	126	0	0
„ „	Received from R. Young his acceptance at one month	100	0	0

1869		£	s.	d.
Jan. 2	Received from R. Young, Cash	16	5	0
„ 4	Sold to R. Young, Wheat	110	0	0
„ „	Sent to Mill 10 quarters of Wheat	21	0	0
„ 5	Bought of W. Smith, Wheat	152	0	0
„ „	Purchased Steam-engine for Mill of Sims and Co.	527	10	0
„ 6	Cash borrowed of F. Price on security of premises, &c., at 5 per cent. per annum	750	0	0
„ 8	Paid Sims and Co. Cash	515	0	0
„ „	And received Discount	12	10	0
„ 9	Paid Cash to W. Gye	126	0	0
„ „	Received of R. Young, Cash	100	0	0
„ „	Bought of R. Young, Corn for Mill	10	0	0
„ 12	Sold to W. Smith 50 quarters of Wheat	115	0	0
„ 15	Acceptance to F. Long, due this day, paid Cash	250	0	0
„ 23	Sold to R. Young, Wheat	136	10	0
„ 25	Paid Cash to Millwright for repairs	9	7	6
„ 26	Sold Flour to J. Reeve	40	0	0
„ 29	Sent to Mill, Wheat	26	5	0
„ 30	Paid into Bank, Cash received this month for small Retail Sales of Flour, &c., at Mill	24	12	0
„ „	Cash Paid for Wages, of which £10 to persons employed at Mill	15	0	0
„ „	Cash Paid to J. Owen for fixing Steam-engine	16	0	0
„ „	Paid out of Petty Cash for Horse Provender, &c.	1	17	6
„ „	Wear and Tear of Premises, &c., estimated at	5	0	0
„ „	Depreciation in value of Horses, and wear and tear of Carts	2	10	0
„ „	Wear and tear of Steam-engine	10	0	0
„ „	Goods on hand—			
	Wheat	97	15	0
	Flour, &c., at Mill	36	5	0
„ „	Interest on Loan	2	10	0

N.B.—All Cash Transactions, unless the words "Petty Cash" appear, pass through the Bank.

No. XVIII.

On the 1st of January, 1870, John Carfax, Timber and Slate Merchant, found his Assets and Liabilities as follows:—

' N.B.—The Books are to show separately his Profit or Loss as a

Timber Merchant and as a Slate Merchant, and all his Assets and Liabilities are to be embodied in one Balance Sheet.

LIABILITIES.	£	s.	d.
Price, Potter, and Co., balance of account	184	9	6
Acceptance to Bangor Slate Company, due 18th of January	893	12	0

ASSETS.			
Business Premises, &c., valued at	1270	0	0
Ten Horses, Wagons, Timber Carriages, &c. ..	700	0	0
Cash in Bank..	1484	12	0
Petty Cash	3	5	9
Debt due by Williams and James	486	18	7
Goods on hand, viz. :—			
Timber and Deals, valued at	2069	0	0
Slates „	323	0	0

1870		£	s.	d.
Jan. 1	Received from Williams and James their acceptance at six months	486	18	7
„ 2	Sold to W. Illingworth, Deals	375	0	0
„ 3	Sold to B. Seddon, Slates	87	15	0
„ 6	Drew cheque for Petty Cash.....	10	0	0
„ 7	Sold to Charles Tennant and Co., Timber .	1357	0	0
„ „	Bought of Dickson and Co., cargo of Timber, per "Inez"	1080	0	0
„ 9	Purchased veneer cutting-machine of Oetzmann and Co.	189	0	0
„ 11	Paid Dickson and Co. Cash	1058	8	0
„ „	And they allowed Discount	21	12	0
„ 12	Accepted Oetzmann and Co's. draft at six months	189	0	0
„ „	Received of B. Seddon, Cash	85	11	0
„ „	And allowed him Discount	2	3	10
„ 13	Paid freight of Timber, ex "Inez"	487	12	0
„ „	Discounted at Bankers, Williams and James's acceptance, due 3rd July, £486 18s. 7d. and was credited, Cash proceeds thereof	477	6	3
	Discount being charged.....	9	12	4
„ „	Paid cost of erection of new Loft for Slates ..	15	0	0
„ 15	Received from Charles Tennant and Co. John Jones's acceptance, due 23rd April	400	0	0
„ „	Sold to S. Crookes, Slates.....	63	0	0
„ 18	Cash borrowed of C. S. Porter on security of premises, &c., at 4 per cent. per annum ..	1000	0	0
„ „	Acceptance due this day, paid in Cash	893	12	0
„ 25	Bought of C. Tennant and Co. Spruce Deals	890	0	0
„ „	Received from „ Cash	67	0	0

1870		£	s.	d.
Jan. 28	Received from S. Crookes, Cash	63	0	0
„ 31	Paid into Bank, Cash received this month for Retail Sales, viz.:—			
„ „	Of Timber and Deals	171	19	3
	Of Slates	37	14	6
„ „	Cash paid for Wages, of which £21 5s. od. to persons employed in timber yard.....	29	7	6
„ „	Paid out of Petty Cash, Office Expenses	7	12	0
„ „	Cash paid for Horse Provender	11	18	0
„ „	Wear and Tear of Premises, &c., estimated at	5	0	0
„ „	Depreciation in value of Horses, and Wear and Tear of Carts (one horse killed)	47	0	0
„ „	Goods on hand—Timber and Deals	2850	0	0
„ „	„ „ Slates	170	0	0
„ „	Interest on Loan	1	15	0

N.B.—All Cash Transactions, unless the words "Petty Cash" appear, pass through the Bank.

No. XIX.

On the 1st of January, 1871, John Willes and Abel Shaw enter into Partnership. The former guarantees the new firm from loss on the realization of his Assets, the Stock of Brandy and Sugar in hand being accepted by the new firm at values agreed on and entered in the books; and, in consideration of the Goodwill of the Business, &c., being his, they agree that Willes shall take *two-thirds* of the Profits; and Shaw, who introduces £1500 in Cash, shall take *one-third*. The Capital and Partners' Drawings to bear interest at the rate of 5 per cent. per annum.

John Willes' Assets are—	£	s.	d.
Cash at Bankers'	520	0	0
Petty Cash in office box	20	0	0
Bills Receivable—			
Drawn by Abraham Smith £100			
„ John Williams ..... 240—	340	0	0
Due to him by John Jones	90	0	0
Value of Plant and Business Premises	1000	0	0
Brandy in Stock.....	120	0	0
Sugar in Stock	80	0	0
Consignment of Wine to Melbourne.....	200	0	0
	£2370	0	0

	£	s.	d.
His Liabilities—			
Bills Payable	550	0	0
Due to H. Morton	300	0	0
	£850	0	0

1871		£	s.	d.
Jan. 3	Bought Rum in bond for Cash	50	0	0
„ 4	Sold Brandy to H. Morton	60	0	0
„ „	Discounted draft drawn on Wm. Smith by H. Harrison, due 4th March, charged Discount	5	0	0
„ „	Gave Cash	245	0	0
„ 10	Paid Cash for Customs' Charges on Rum	20	0	0
„ 15	Abraham Smith being unable to meet the whole of his Bill for £100 (one of Willes' Assets) we lend him £50, and take his acceptance for the same	50	0	0
„ 18	Paid Cash for enlargement of Business Premises	200	0	0
„ 20	Received Cash for Abraham Smith's Bill	100	0	0
„ 30	H. Morton drew on us for Balance of his account	240	0	0
Feb. 5	Received Cash for John Jones' debt	90	0	0
„ 10	Bought Wine for Messrs. James and Wilson on commission, and paid Cash for same	500	0	0
„ 15	Abel Shaw drew for his own use	50	0	0
„ 20	Paid out of Petty Cash, notarial charges and expenses incurred in respect of John Williams' draft for £240 (one of Willes' Assets), not paid on maturity	2	0	0
„ 24	Received Cheque from Underwriters for proceeds of Wine consigned to Melbourne; the vessel having been wrecked after paying salvage and charges (one of Willes' Assets)	40	0	0
Mar. 3	Paid charges on Wine bought for Messrs. James and Wilson	10	0	0
„ 4	Received Cash for Harrison's draft	250	0	0
„ 7	Bought Sugar of John Smith	90	0	0
„ 9	Paid Cash for charges for repairs consequent on explosion of gas	50	0	0
„ 16	Sold Rum to H. Jameson	30	0	0
„ 18	Paid acceptance (one of Willes' Liabilities)	550	0	0
„ 20	Sold Wine for Cash on account of James and Wilson	650	0	0
„ 23	Received in full of all demands a dividend of 10s. in the £ for John Williams' acceptance of £240, and expenses in full (one of Willes' Assets)	122	0	0

1871		£	s.	d.
Mar. 25	Received Cash for Smith's acceptance	50	0	0
„ 28	Accepted James and Wilson's draft for balance due to them on Wine Account, less our charges and commission, £20	120	0	0
„ 31	Office Expenses of Quarter paid from Petty Cash	8	0	0
„ „	Paid Cash for Salary of Clerk for three months	25	0	0
„ „	Interest on Partners' Capital (*equal moiety to each*)	37	10	0
„ „	Interest on Drawing of Abel Shaw	0	10	0
„ „	Written off for Depreciation for Wear and Tear of Premises	30	0	0
„ „	Value of Stock remaining on hand—			
	Brandy	80	0	0
	Sugar	90	0	0
	Rum	60	0	0

N.B.—All Cash Transactions, unless the words "Petty Cash" appear, pass through the Bank Account.

No. XX.

On the 1st of January, Thomas Reynolds and James Blyth enter into Partnership; Reynolds introduces the following:—

ASSETS.	£	s.	d.
Cash	1350	0	0
C. Townsend's acceptance	50	0	0
T. Newberry's „	150	0	0
Wine in Stock	800	0	0
Value of Cotton in transit from Calcutta	500	0	0
Value of Barges	600	0	0
LIABILITIES.			
Bills Payable	300	0	0
Due to H. Kerr	250	0	0
„ T. Kelly	200	0	0

Blyth introduces the following:—

ASSETS.			
Cash	1150	0	0
W. Palen's acceptance, due 20th January	100	0	0
Brandy in Stock	1250	0	0
LIABILITIES.			
Due to P. Tonkin	500	0	0
Bills Payable	200	0	0

Each Partner guarantees the Firm from loss on his Assets. Reynolds to take *three-fifths* of the Profits, and Blyth *two-fifths*, in addition to a Salary of £300 per annum for managing the Business.

1872		£	s.	d.
Jan. 1	Bought Wine for Cash	100	0	0
„ 5	Accepted P. Tonkin's Bill at 3 months	500	0	0
„ 8	P. Elliott sold Brandy on commission	410	0	0
„ „	Commission charged being	4	2	0
„ 12	Barge "Emma," value £200, run down this day; insured with Royal Exchange to half its value			
„ 16	Received from Jas. Duncan consignment of Wine for sale on commission	1000	0	0
„ 20	Received Cash for W. Palen's bill	100	0	0
„ 26	Paid H. Kerr to balance account	250	0	0
„ 30	Consigned Wine to W. Dawson for sale on Commission	500	0	0
„ „				
Feb. 4	T. Newberry is unable to meet his bill, due this day. We therefore accept in discharge of debt—Cash £75 Brandy 25 Promissory Note 50	150	0	0
„ 5	Sold Brandy to J. Watson	350	0	0
„ 6	Sold H. Turner Brandy value £400 and received—Cash £200 Promissory Note 200	400	0	0
„ 9	Thos. Reynolds drew for his own use	50	0	0
„ 12	Received from Royal Exchange Assurance Company £100, being amount of policy on barge "Emma."	100	0	0
„ 15	A part of the Cotton in transit being damaged by fire, received for Salvage £30 Received from Insurance Office 70	100	0	0
	Received remainder unharmed			
„ 18	W. Dawson has sold part of Wine consigned to him	550	0	0
„ 20	Sold on account of Jas. Duncan, Wine for Cash	1150	0	0
„ 22	Jas. Blyth drew on account of Salary	50	0	0
„ „	Paid Customs' charges on Cotton, Wharfage Dues, &c.	10	0	0
„ „	Commission on Duncan's Wine	25	0	0
„ 25	Recovered Barge "Emma," and sold her for	50	0	0
„ „	Accepted Duncan's draft	1125	0	0

1872		£	s.	d.
Feb. 27	Sold the whole of the Cotton for	500	0	0
„ 28	Paid Clerks' Salaries	60	0	0
„ „	Value of the Stock on hand—			
	Brandy	200	0	0
	Wine	400	0	0
	Barges	400	0	0

RESULTS,

SHOWING FOR EACH OF THE FOREGOING EXERCISES

THE STATEMENT OF PROFIT AND LOSS

AND

THE FINAL BALANCE SHEET.

I.

Dr. PROFIT AND LOSS ACCOUNT. **Cr.**

	£	s.	d.		£	s.	d.
Interest and Discount...	25	16	8	Wine.....	320	0	0
Salaries	10	0	0	Staves	50	0	0
Rent	7	0	0				
Andrew Freeport (net profit)	327	3	4				
	370	0	0		370	0	0

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors :—				*Cash :—*			
Bills Payable	200	0	0	Balance in hand.....	85	10	0
Dombey & Son.....	90	0	0	*Sundry debtors :—*			
William Paley	1200	0	0	Bills Receivable.....	480	0	0
Capital :—				John Falstaff.....	150	0	0
Andrew Freeport ...	2235	10	0	John Dryden.....	180	0	0
				Alexander Pope.....	80	0	0
				H. Bardolph	250	0	0
				Stock on hand :—			
				Wine.....	2500	0	0
	3725	10	0		3725	10	0

II.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Salaries and Wages	80	0	0	Interest and Discount	13	15	0
Rent	15	0	0	Iron	560	0	0
Trade Charges	15	0	0				
Bad debts	250	0	0				
Hy. Grey (net profit)	213	15	0				
	573	15	0		573	15	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Cash:*—			
Bills Payable	2000	0	0	Balance in hand.....	1065	0	0
John Nokes	15	0	0	Petty Cash.....	20	0	0
Tubal Cain	780	0	0	*Sundry Debtors:*—			
Capital:—				Bills Receivable.....	800	0	0
Hy. Grey	1922	1	8	Argus.....	380	0	0
				Mercury	600	0	0
				John Minus (Loan Account)	1002	1	8
				Stock on hand:—			
				Iron	850	0	0
	4717	1	8		4717	1	8

III.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Interest and Discount...	14	9	2	Wheat	40	0	0
Salaries	12	10	0	Barley	95	3	4
Trade Charges	6	5	0	J. Thomas (Joint Account)	27	17	6
Rent	5	10	0				
Flour.....	40	0	0				
Geo. Wood (net profit)	84	6	8				
	163	0	10		163	0	10

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Cash in hand:*—			
Bills Payable.....	1200	0	0	At Bank	1251	0	10
R. Smith (Loan Account)	700	0	0	At Office	80	18	4
T. Jones	500	0	0	*Sundry Debtors:*—			
R. Brown	6	5	0	Bill Receivable	100	0	0
Jas. Story	5	10	0	A. Tod	250	0	0
J. Thomas.....	277	17	6	John Baker	260	0	0
Capital:—				H. Bradley.....	562	10	0
Geo. Wood	1439	16	8	H. Nilus.....	375	0	0
				Stock on hand:—			
				Wheat	900	0	0
				Flour.....	250	0	0
				Barley	100	0	0
	4129	9	2		4129	9	2

N.B.—W. Smith's acceptance, said to be due the 23rd January, should be stated to be due the 23rd May.

IV.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Rent	13	6	8	Pig Iron.....	255	0	0
Interest and Discount	18	15	0	Iron Rails	400	0	0
Salaries	25	0	0				
Trade Charges	6	10	0				
Chas. Stuart (net profit)	591	8	4				
	655	0	0		655	0	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.				ASSETS.			
Sundry Creditors :—	£	s.	d.	*Cash :—*	£	s.	d.
Bills Payable	6000	0	0	On hand	641	0	0
C. J. Mare & Co.	2500	0	0	*Sundry Debtors :—*			
Wm. Johnson	13	6	8	Bills Receivable ...	4800	0	0
J. Howard	6	10	0	J. Locke	1200	0	0
Capital :—				O. Cromwell	301	10	0
C. Stuart	3372	13	4	G. Stephenson.....	200	0	0
				Stock :—			
				Pig Iron	400	0	0
				Iron Rails	1100	0	0
				Consignt. ...£6250			
				Less Adv. 3000			
				——	3250	0	0
	11892	10	0		11892	10	0

V.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Rent	15	0	0	Wine	533	0	0
Interest and Discount	15	13	1				
Salaries	20	0	0				
Trade Charges	6	0	0				
Consignment to Ceylon	80	0	0				
John Foster (net profit)	396	6	11				
	533	0	0		533	0	0

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors :—				*Cash :—*			
Bills Payable	220	0	0	On hand	289	8	6
Hy. Thomson	300	0	0	*Sundry Debtors :—*			
R. Brown	102	0	0	Bills Receivable	1400	0	0
W. Rix	15	0	0	S. Box	160	0	0
S. Low	2	10	0	B. How	175	0	0
J. Sands (loan)	501	19	9	Abel & Co.	220	0	0
Capital :—				E. Jones	250	0	0
John Foster	3354	13	7	J. Cox	401	14	10
				Stock on hand :—			
				Wine	1600	0	0
	4496	3	4		4496	3	4

VI.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Rent	20	0	0	Interest and Discount	13	4	2
Salaries	30	0	0	Wine	490	0	0
Trade Charges	9	6	0				
John Hodge (part profits)	221	19	1				
Chas. Wright (part profits)	221	19	1				
	503	4	2		503	4	2

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Cash on hand:—*			
Bills Payable	450	0	0	At Bank	287	15	0
Hy. Jones	750	0	0	Petty Cash	10	15	6
Sundry Outstanding Accounts	42	10	0	*Sundry Debtors:—*			
Capital:—				Bills Receivable	1250	0	0
John Hodge	2175	7	5	James Pott	204	5	0
Chas. Wright	1180	1	7	Hy. Nix	50	0	0
				Richd. Love	400	0	0
				John Nokes	200	3	6
				H. Cox	150	0	0
				Stock:—			
				Wine	1700	0	0
				Consig. to Sydy. £675 Less Advance 330	345	0	0
	4597	19	0		4597	19	0

N.B.—On receiving back Nokes' acceptance for £400 dishonoured, the amount of the Bill was necessarily made good to O. G. & Co., who had previously discounted it.

VII.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Rent	15	0	0	Cotton	240	0	0
Interest and Discount	9	7	6	Cotton Goods	330	0	0
Salaries	21	0	0				
Trade Charges	8	7	6				
James Bell (part profits)	258	2	6				
John Lee (part profits)	258	2	6				
	570	0	0		570	0	0

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Cash:*—			
Bills Payable	200	0	0	On Deposit	1000	0	0
J. Trig	150	0	0	On Current Account	313	15	0
R. Nix	395	0	0	Petty Cash	1	12	6
D. Scribe	21	0	0	*Sundry Debtors*·—			
R. Tree	15	0	0	Bills Receivable	200	0	0
Capital:—				Samuel Bow	450	0	0
James Bell	3020	0	0	H. Pott	480	0	0
John Lee	1161	17	6	*Stock:*—			
				Cotton	1800	0	0
				Cotton Goods	325	0	0
				Consig. to Ceylon:—			
				£1058 10			
				Less Adv. 666 0			
					392	10	0
	4962	17	6		4962	17	6

VIII.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Rent	18	10	0	Wine	350	0	0
Interest and Discount	32	13	2				
Salaries	25	0	0				
Trade Charges	17	9	8				
John Long (part profits)	85	9	1				
Jas. Rose (part profits)	170	18	1				
	350	0	0		350	0	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Cash on hand:—*			
Bills Payable	950	0	0	At Bank	2370	5	0
J. Styles	200	0	0	Petty Cash	2	10	4
C. Aggs	330	0	0	*Sundry Debtors:—*			
A. Bone	18	10	0	Bills Receivable	400	0	0
T. Fox	25	0	0	H. Potts	250	0	0
Capital:—				S. Vix	120	0	0
John Long	1993	12	3	J. Dodd	560	0	0
James Rose	2280	13	1	R. Kell	400	0	0
				N. Scott	80	0	0
				J. Nokes	170	0	0
				,, (loan acct.)	200	0	0
				Stock:—			
				Wine	950	0	0
				Consig. to Bombay: £330 Less Advance 140	190	0	0
				Office Furniture and Fixtures:—			
				Valued at	105	0	0
	5797	15	4		5797	15	4

IX.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Brandy	105	0	0	Sherry	400	0	0
Interest and Discount...	26	5	0	Consignt. to P. Walker	60	0	0
Insurance	20	0	0				
Salaries	10	0	0				
Trade Charges	50	8	0				
Bad Debts	50	0	0				
W. Campbell (part profits)	66	2	4				
John Ward (part profits)	132	4	8				
	460	0	0		460	0	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Sundry Debtors:*—			
Bills Payable	750	0	0	Bills Receivable	200	0	0
P. Robb	0	10	0	J. Smith (Loan Account)	100	0	0
F. Brook	207	4	0	*Stock on hand:*—			
Capital:—				Brandy	100	0	0
John Ward	3907	19	6	Sherry	3925	0	0
W. Campbell	2074	9	0	*Premises:*—			
				Valued at	1500	0	0
				Cash on hand:—			
				At Bank	1105	4	6
				Petty Cash	9	18	0
	6940	2	6		6940	2	6

X.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Brandy	10	0	0	Sherry	150	10	0
Interest and Discount...	17	2	8	Commission	3	0	0
Salaries	45	0	0				
Trade Charges	19	4	0				
Premises, &c. (wear and tear)	10	0	0				
W. Campbell (part profits)	13	0	10				
J. Smart (part profits)	13	0	10				
John Ward (part profits)	26	1	8				
	153	10	0		153	10	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors :—				*Personal Security :—*			
Bills Payable	1150	0	0	J. Smith (Loan Account)	100	0	0
P. Robb	290	10	0	*Premises and Plant :—*			
T. Sandford (Consignment)	45	0	0	Valued at	1990	0	0
Capital :—				*Stock :—*			
John Ward.....	3950	7	4	Brandy	960	0	0
W. Campbell.....	1995	9	6	Sherry	3473	0	0
J. Smart.....	2523	9	2	Consignment to R. Green	200	0	0
				Cash on hand :—			
				At Bank	3231	0	0
				Petty Cash	0	16	0
	9954	16	0		9954	16	0

XI.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Brandy	5	0	0	Wine	207	10	0
Interest and Discount	30	3	8				
Premises (wear and tear)	10	0	0				
Salaries	30	0	0				
Trade Charges	12	12	0				
D. Scott (part profits)	59	17	2				
T. Jones (part profits)	59	17	2				
	207	10	0		207	10	0

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Personal Security:—*			
Bills Payable	1000	0	0	Bills Receivable	1392	0	0
F. Black	400	0	0	*Ship Property:—*			
Johnson & Son	4	3	0	The "Dolphin"	2000	0	0
Capital:—				*Premises:—*			
D. Scott	2933	13	2	Valued at	690	0	0
T. Jones	3072	7	2	*Stock on hand:—*			
				Wine	1250	0	0
				Brandy	1310	0	0
				Cash on hand:—			
				At Bank	766	12	4
				Petty Cash	1	11	0
	7410	3	4		7410	3	4

XII.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Interest and Discount...	23	6	10	Tin	300	0	0
Premises (wear and tear)	5	0	0	Commission	33	0	0
Salaries	33	0	0				
Trade Charges	15	1	0				
J. Ross (part profits)...	64	3	0				
H. Grant (part profits)	192	9	2				
	333	0	0		333	0	0

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Personal Security:*—			
Bills Payable	2078	6	6	Bills Receivable.....	1200	0	0
R. Green (Consignment).....	469	1	0	*Premises:*— Valued at	295	0	0
Capital:—				*Stock on hand:*—			
H. Grant	2552	6	10	Wool.....	1000	0	0
J. Ross	867	9	8	*Cash on hand:*—			
				At Bank	3459	4	0
				Petty Cash.....	13	0	0
	5967	4	0		5967	4	0

Ans. to question: "Cash Dr. to Interest and Discount, £8 1s."

XIII.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Mobile Ry. Bonds (decrease in value)	62	10	0	Interest and Discount	2	7	7
Bad Debts	308	8	6	Iron	693	7	6
Consignment	21	7	6				
Salaries	33	8	0				
Trade Charges	11	13	0				
John Guy (part profits)	129	4	1				
T. Sterne (part profits)	129	4	0				
	695	15	1		695	15	1

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Sundry Debtors:—*			
Bills Payable	2375	0	0	Bills Receivable	250	0	0
W. Crookes	2833	6	8	C. Pym	3802	4	6
Capital:—				*Stock on hand:—*			
John Guy	1886	12	0	Iron	3300	0	0
Thos. Sterne	1334	4	0	*Investment:—*			
				Mobile Ry. Bonds	617	10	0
				Cash on hand:—			
				At Bank	453	11	2
				Petty Cash	5	17	0
	8429	2	8		8429	2	8

XIV.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Interest and Discount...	25	8	6	Wine.....	195	0	0
Bad Debts	39	11	10	Tea	129	10	0
Premises (wear and tear)	7	10	0	Commission	4	8	5
Insurance	12	3	9				
Salaries	45	16	8				
Trade Charges	11	16	3				
Jas. Sharpe (part profits)	124	7	7				
Geo. Mills (part profits)	62	3	10				
	328	18	5		328	18	5

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors :—				*Cash :—*			
Bills Payable	612	17	6	At Bank	2017	16	6
R. Bruce	185	0	0	Petty Cash.....	0	12	3
G. Mills.....	20	16	8	On Deposit	1000	0	0
Consignment to N. Brook :—*				*Stock on hand :—*			
				Wine	2850	0	0
Unadjusted Balance	76	9	6	Tea	35	0	0
Capital :—				*Premises :—*			
J. Sharpe	2038	14	7	Valued at	667	10	0
Geo. Mills	3637	0	6				
	6570	18	9		6570	18	9

* This balance is introduced into the Balance Sheet as the Commission and Expenses are not yet brought to account.

XV.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Interest and Discount...	113	18	6	Ohio Raily. Bonds (increase in value).....	25	0	0
Bad Debts	343	0	2	Iron	531	0	0
Rent and Depreciation of Lease.....	15	0	0	Commission	43	4	6
Trade Charges	7	2	9				
J. Fox (part profits) ...	60	1	7				
W. Jackson (part profits)	60	1	6				
	599	4	6		599	4	6

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Personal Security:*—			
Bills Payable	1738	14	1	Bills Receivable ...	2746	14	3
B. Jones	2060	0	0	*Stock on hand:*—			
Small Outstanding Accounts *	10	0	0	Iron	3039	6	10
Capital:—				*Investment:*—			
Joseph Fox	6793	9	8	Ohio Raily. Bonds	1500	0	0
W. Jackson	562	3	2	*Premises:*—			
				Value of Lease,.....	1495	0	0
				Cash on hand:—			
				At Bank	2375	10	1
				Petty Cash	7	15	9
	11164	6	11		11164	6	11

* In practice an aggregate account, under this or a similar title, is frequently opened for small debts of a miscellaneous character to save the useless multiplication of headings in the Ledger.

XVI.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Interest and Discount...	17	10	3	Copper	300	0	0
Rent	50	0	0	Cotton Goods	50	0	0
Salaries	30	0	0	Shipment ex "Lady Elizabeth".....	93	17	3
Trade Charges	7	12	0	Commission	15	0	0
H. Duke (part profits)	176	17	6				
W. French (part profits)	176	17	6				
	458	17	3		458	17	3

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.				ASSETS.			
Sundry Creditors:—	£	s.	d.	*Sundry Debtors:*—	£	s.	d.
Bills Payable	413	5	8	Bill Receivable	1250	0	0
J. Dyson	400	0	0	Ingram & Co.	1076	5	3
Capital:—				Leach & Son.....	250	0	0
H. Duke	1645	12	6	*Cash on hand:*—			
W. French.....	1139	7	6	At Bank	1005	1	11
				Petty Cash	16	18	6
	3598	5	8		3598	5	8

XVII.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Loss at Mill	8	11	6	Interest and Discount...	10	0	0
Premises, &c. (wear and tear)	5	0	0	Profit as Corn Merchant	39	15	0
Horses, &c. (depreciation)	2	10	0				
Trade Charges	1	17	6				
W. Johnson (net profit)	31	16	0				
	49	15	0		49	15	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors :—				*Cash on hand :—*			
Bill Payable	226	10	0	At Bank	106	19	6
W. Smith	37	0	0	Petty Cash	9	7	0
Capital :—				*Sundry Debtors :—*			
W. Johnson	1736	16	6	Bill Receivable	100	0	0
				R. Young	136	10	0
				J. Reeve	40	0	0
				Stock on hand :—			
				Wheat	97	15	0
				Flour	36	5	0
				Premises, Plant, &c. :—			
				Premises...£1395 0			
				Less Mortg. 752 10			
					642	10	0
				Plant, Horses, &c....	297	10	0
				Steam Engine	533	10	0
	2000	6	6		2000	6	6

XVIII.

Dr. PROFIT AND LOSS. **Cr.**

	£	s.	d.		£	s.	d.
Premises (wear and tear)	5	0	0	Interest and Discount...	8	0	10
Horses, &c. (depreciation)	47	0	0	Profit on Timber	206	2	3
Trade Charges	19	10	0	Profit on Slates	27	7	0
John Carfax (net profit)	170	0	1				
	241	10	1		241	10	1

Dr. BALANCE SHEET. **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors:—				*Cash on hand:—*			
Bill Payable	189	0	0	At Bank	881	5	6
Price & Co.	184	9	6	Petty Cash	5	13	9
Capital:—				*Sundry Debtors:—*			
J. Carfax	5428	14	11	Bill Receivable	400	0	0
				W. Illingworth	375	0	0
				B. Seddon	0	0	2
				Premises, Plant, &c.:—			
				Premises...£1280 0			
				Less Adv. Account 1001 15			
					278	5	0
				Horses, &c.	653	0	0
				Machinery.....	189	0	0
				Stock on hand:—			
				Timber	2850	0	0
				Slates.....	170	0	0
	5802	4	5		5802	4	5

XIX.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	*s.*	*d.*		£	*s.*	*d.*
Sugar	80	0	0	Brandy	20	0	0
Interest and Discount	32	0	0	Rum	20	0	0
Premises and Plant (depreciation and repairs)	80	0	0	Commission	20	0	0
Trade Charges	8	0	0	J. Willes (part loss)	110	0	0
Salaries	25	0	0	A. Shaw (part loss)	55	0	0
	225	0	0		225	0	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	*s.*	*d.*	ASSETS.	£	*s.*	*d.*
Sundry Creditors :—				*Cash on hand :—*			
Bills Payable	360	0	0	At Bank	1572	0	0
J. Smith	90	0	0	Petty Cash	10	0	0
Capital :—				*Personal Debt :—*			
J. Willes	1148	15	0	H. Jameson	30	0	0
A. Shaw	1413	5	0	*Stock on hand :—*			
				Brandy	80	0	0
				Sugar	90	0	0
				Rum	60	0	0
				Premises and Plant :—			
				Valued at	1170	0	0
	3012	0	0		3012	0	0

XX.

Dr. **PROFIT AND LOSS.** **Cr.**

	£	s.	d.		£	s.	d.
Salaries	110	0	0	Cotton	90	0	0
T. Reynolds (part profits)	81	10	10	Brandy	85	0	0
				Consignment to Dawson	50	0	0
J. Blyth (part profits)	54	7	2	Commission	20	18	0
	245	18	0		245	18	0

Dr. **BALANCE SHEET.** **Cr.**

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors :—				*Cash :—*			
Bills Payable	2125	0	0	On hand	4255	0	0
T. Kelly.....	200	0	0	*Sundry Debtors :—*			
Capital :—				Bills Receivable.....	300	0	0
T. Reynolds	2681	10	10	P. Elliott	405	18	0
J. Blyth.....	1854	7	2	J. Watson	350	0	0
				W. Dawson	550	0	0
				Stock on hand :—			
				Wine.....	400	0	0
				Brandy	200	0	0
				Barges :—			
				Valued at	400	0	0
	6860	18	0		6860	18	0

N.B.—£50 of the amount of Bills Receivable and the whole of the amount at which the Barges are valued remain guaranteed by T. Reynolds.

There is a portion of the Consignment to Dawson remaining to be sold, the value of which is included in the amount of the Stock on hand.

THE END.

UNIVERSITY OF CALIFORNIA